

Saskatchewan Transportation Company
2013 Annual Report



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Corporate Mandate

The Saskatchewan Transportation Company (STC) is a provincial coach company which provides **SAFE, AFFORDABLE** and **ACCESSIBLE** bus passenger and freight services to Saskatchewan.

2013 Corporate Profile

Mission

To provide value to Saskatchewan residents with convenient, affordable, safe, clean, comfortable, courteous, environmentally friendly and reliable passenger and freight transportation services.

Vision

To be the best passenger and freight transportation Company in Canada.

Values

All business activities are conducted in a manner that is:

- Honest
- Dependable
- Innovative
- Respectful
- Socially and Environmentally Responsible



Letter of Transmittal



Regina, Saskatchewan
March 31, 2014

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of the Province of Saskatchewan

Dear Madame:

I have the honour to submit herewith the annual report of the Saskatchewan Transportation Company (STC) for the year ended December 31, 2013, in accordance with *The Crown Corporations Act, 1993*. The financial statements are in the form approved by the Treasury Board and have been duly certified by the company's auditors.

A handwritten signature in black ink, appearing to read "D. McMorris".

Honourable Don McMorris
Minister Responsible for Saskatchewan Transportation Company

Message from the Minister

STC continues to provide a valuable service to the people of Saskatchewan through its intercity bus routes. Serving 284 communities in 2013, STC placed considerable emphasis on the provision of safe, affordable, and accessible bus service to the province.

To maintain this service, the provincial government provides STC with an annual operating subsidy. The growth of this subsidy is closely monitored by both STC and the provincial government. In 2013, on the heels of significant industry route cuts in neighbouring provinces, STC was faced with the difficult decision to discontinue three routes in Saskatchewan. The discontinuation of routes are not decisions STC takes lightly, but the low ridership on these routes made it financially unjustifiable for STC to continue service.

The company continues to foster partnerships with private sector organizations, and looks for local partners to assist with the provision of service. Agency agreements and interline agreements allow the company to provide service to many residents of the province and beyond. In 2014, it will continue to be STC's mandate to work with its partners to provide Saskatchewan residents with a first class bus service in the most efficient manner possible.

On behalf of the Government of Saskatchewan, I would like to congratulate the Board and STC employees for their hard work and commitment to the people of Saskatchewan in 2013. Thank you to all the customers who trusted STC with their transportation needs in 2013.

I am pleased to present STC's 2013 Annual Report.

A handwritten signature in black ink, appearing to read "D. McMorris".

Honourable Don McMorris
Minister Responsible for Saskatchewan Transportation Company

Message from the Chair



STC customers once again awarded high marks to STC's customer service with 94 per cent of passengers rating STC's service as "good" or "excellent". The company also surveyed parcel express customers regarding customer service and received a benchmark rating of 88 per cent. There is always room for improvement, but these results indicate that STC employees are working hard to meet the Boards' expectation for customer service excellence.

During 2013, STC took some important strides forward, but also saw its share of challenges. Changes in the transportation industry in 2011 and 2012 continued to impact the company's bottom line in 2013. Ridership numbers have proven to be difficult to recover due to the decreased number of connecting schedules in neighbouring provinces.

The company was faced with difficult decisions in 2013. STC is a government-owned bus passenger and freight company that depends on subsidization in the form of operational and capital grants from the Government of Saskatchewan. That subsidy has grown over the past decade and in response, STC applied to the Highway Traffic Board to discontinue three under-utilized routes in an effort to maintain STC's required subsidy. The closure of these routes will save STC approximately \$300,000 annually.

The company faced significant issues related to the recruitment and retention of qualified employees. In particular, STC competed for licensed drivers and journeyperson mechanics. Aggressive recruitment solutions were implemented and by late 2013, the Board was pleased to see that STC had met its staffing needs to ensure that customer service levels could be maintained.

Even facing these challenges, STC was able to build momentum in 2013.

STC worked with Greyhound Canada to reinstate trips between Saskatoon and Edmonton that were cancelled in 2012. The new schedule made for more convenient connection times with STC's Regina to Saskatoon trips and made same day travel to Edmonton possible for STC passengers. STC also added an early morning trip

between Moose Jaw and Regina to provide travel options for Moose Jaw residents commuting to Regina for work or school. These are examples of how STC strives to provide a valuable and convenient service to the people of Saskatchewan.

The company trialed new promotions and saw continued success with its youth and senior seat sales. STC continued to grow its Ride Rewards membership. This loyalty program has the potential to offer all STC customers terrific value for their transportation needs. Wi-Fi service, available on 100 per cent of the fleet, was upgraded on select corridors and those upgrades will continue into 2014.

The company launched online ticketing for passengers during the year. In 2013, e-ticketing was piloted between Saskatoon and Prince Albert allowing passengers to purchase date and time specific tickets from the company's website. With the success of the pilot launch, Regina and six other large urban centres were added later in the year. STC plans for expanded origin and destination offerings in 2014.

Safety is a top priority at STC and in 2013 there was a renewed commitment to the culture of safety within the organization. The company improved Occupational Health and Safety efforts and ramped up its corporate policies and procedures to place additional emphasis on *National Safety Code* requirements. Customer and employee safety is of paramount importance to our Board, and our fleet and facilities are regularly inspected.

On behalf of the Board, I would like to thank the STC employees for their hard work and commitment to providing a valuable service to the people of Saskatchewan.

Jonathan Abrametz
Chair of the 2013 Board of Directors

Message from the President

2013 was a year that saw STC move forward in a number of areas. The year opened in a winter with record-breaking snowfall that brought both opportunities and challenges for STC. The first several months of 2013 saw high ridership growth as many Saskatchewan residents turned to STC's professional drivers when winter travel became challenging. The safety and comfort of our passengers were paramount. Even we found ourselves stranded in March when a province-wide blizzard forced a number of our schedules to be cancelled.

A culture of safety continues to be important to STC. We are a signatory of the *Saskatchewan Health and Safety Leadership Charter* and a strong supporter of "Mission Zero." Reviews of the *National Safety Code* and Occupational Health & Safety during 2013 have helped STC to strengthen this commitment. We have been working with staff to ensure adjustments and updates to processes and procedures continue to be undertaken. Continuous improvements in these areas will help ensure the ongoing safety of our staff and our customers.

The ratification of a new four-year collective bargaining agreement (CBA) in 2013 saw STC move forward in the areas of recruitment and retention. The new CBA and a new recruitment strategy have allowed STC to build up the staffing contingent for Mechanics and Motor Coach Operators, two areas that have been hardest hit with labour shortages. The ability to recruit in these areas has afforded STC the opportunity to continue to deliver the high-quality service that our customers expect.

The fleet renewal program at STC continues to focus on efficient use of limited capital funds. In 2013, STC continued the partnership with Greyhound Lines, Inc. to complete refurbishments of existing coaches in the fleet. These refurbishments, at a fraction of the cost of a new coach, ensure that existing fleet are updated and the remaining years of service are of a high quality. The refurbishments also allow STC to expand the number of coaches with wheelchair access, a priority for the organization.

Additions to the fleet were achieved through the purchase of used coaches. Again, this allows the organization to maximize the use of capital funds while updating the fleet with newer buses and expanded amenities. The entire fleet is now equipped with Wi-Fi, the number one amenity demanded by customers. Expanded legroom,

cup holders and 110V outlets are also being added to the fleet as funds permit.

Each of these projects have ensured that STC continues to grow the customer satisfaction rating. In 2013, STC saw the highest customer satisfaction rating in its history at 94 per cent. It is important to ensure that the customer continues to value the services we provide. The employees take a great deal of pride in this result, and it is a direct reflection of their efforts.

STC understands the value that the government places on the services we provide. We know that the provision of these services requires an annual subsidy and that this subsidy must be managed. In 2013, the tough decision was made to discontinue three under-utilized routes. These routes saw two or less riders per trip. They had already seen cost-saving measures implemented over the years, including the reduction in frequency and the use of smaller coaches. Still, their discontinuation would save the company approximately \$300,000 per year.

After a process that provides for public consultation and multiple levels of approval including the Highway Traffic Board, the discontinuations were approved. The North Battleford - Blaine Lake route was discontinued on May 18, 2013. The Regina - Lankigan and Eastend - Swift Current/Mossbank routes were discontinued on January 1, 2014.

Efficiencies will always be sought at STC as a way to help manage the annual subsidy. However, the organization is also always looking for ways to attract new customers for both passenger and parcel express services. New tools for engaging customers such as the Ride Rewards loyalty program, the option to buy tickets online and a presence in social media are now in place. The ability to communicate and engage with customers is becoming paramount to the success of any business and STC is no exception.

2013 was a year of challenges and opportunities. The organization will continue to overcome the challenges and leverage the opportunities into future years. A continued focus on high-quality, safe and reliable passenger and parcel express services will be key to our success.

In closing, I would like to point out that despite the difficult decisions that were made in 2013, the STC staff maintained their professionalism and optimism for a chance to continue to serve the customer. That spirit resulted in STC reaching its highest ever recorded level of customer satisfaction in 2013. That is no small matter in the face of change. The employees have earned my respect and admiration for their success, and I wish to thank them for their efforts.



Shawn Grice
President and Chief Executive Officer

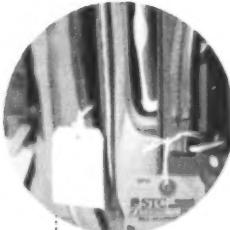


Achieving Strategic Goals

STC's strategic goals are focused around **FOUR** pillars:
CUSTOMER, FINANCIAL, PEOPLE and INNOVATION.

STC is a customer-focused business with high service standards, which was rewarded with a 94 per cent customer satisfaction rating.

CUSTOMER | pg8



STC's team of professionals is critical to the organization's success and attainment of the company's vision of being the best passenger and freight transportation company in Canada.

PEOPLE | pg14



FINANCIAL | pg12

STC requires grants to fulfil its public policy role; therefore, financial controls, operational efficiencies and revenue generation are key areas for the organization.

INNOVATION | pg18

STC is constantly looking at new ways to provide valuable services to passengers and freight customers across Saskatchewan.

CUSTOMER

STC meets the
needs of customers



MARKETING AND PROMOTIONS

In 2013, STC ran a province-wide advertising campaign with the goal of increasing awareness and sales for both passenger and parcel express services. Key goals of the campaign included encouraging repeat customers and enticing new customers to STC. A television campaign was supported by print, radio, online and digital billboard advertisements. With the implementation and expansion of e-Tickets in 2013, STC was able to use the purchase of tickets online as a key call to action in many advertisements.

Passenger services continued to be supported by a strong promotional campaign that included Senior Seat Sales, Youth Passes and Ride Rewards flat fares. The company also trialed new passenger promotions in the fall of 2013.

STC's Senior Seat Sale increased ridership during the sale months of May and September. Over 20,800 seniors took advantage of the \$10 flat fare during these months. The Senior Seat Sale was once again STC's most successful promotion.

June, July and August saw the return of STC's Youth Pass. The Youth Pass promotion allowed those between the ages of 12 and 25 to take unlimited rides on STC's network over a calendar month for \$45. Sales in 2013 reached 2,116 passes, similar to 2012 sales of 2,147.

Members of Ride Rewards, STC's email loyalty program, received regular emails highlighting STC discounts, promotions, and seat sales. In addition to regular draws, Ride Rewards members were treated to an exclusive member's discount in October. Members received a coupon for a \$20 one-way ticket for use multiple times during the calendar month. Membership grew by over 1,000 names during the month of the promotion. At the end of 2013, there were 6,285 members. The Ride Rewards program allows the company to reach out to participants via email in a cost-effective and timely manner.

Repeat riders are an important market segment for STC and the Frequent Rider Card was designed specifically for these customers. A Frequent Rider Card sells for \$30 and provides the holder with 20 per cent off adult and student fares for one year. In 2013, this program was updated as seniors 60 years and older were offered a 25 per cent discount on all fares and were not required to purchase a

Frequent Rider Card. Sales of the Frequent Rider Card grew by three per cent in 2013. In 2014, STC will continue to promote the Frequent Rider Card through the Ride Rewards email loyalty program and online tools.

STC piloted two new promotions late in 2013. A Companion Fare ran in November and a Buy One-Get One promotion ran in December. Although the impact on ridership was limited, the pilots did provide useful information that will be important in planning future promotions.

CIV and STC continued their partnership on the Home Town Tours in 2013. STC provides a charter bus to the CIV newscast and crew as it travels to different communities across the province to broadcast the live evening news. STC receives significant exposure in 20 communities per year, along with an advertising presence from this agreement.

AMENITIES

Access to key amenities continued to be a priority for STC in 2013. The amenities are a key component of a passenger's experience with STC. With a satisfaction rating of 94 per cent, STC firmly believes that first time passengers will become repeat riders because of the experience STC provides.

STC has expanded legroom on most coaches. Cup holders and ICOM power outlets are being rolled out across the fleet as used coaches are purchased and existing coaches are updated and refurbished. These amenities are key to ensuring a positive travel experience for STC customers.

Wi-Fi, available on 100 per cent of STC's fleet, saw further upgrades in 2013. These upgrades will continue in 2014 as the company enhances Wi-Fi service on certain routes. The upgraded Wi-Fi will ensure a better experience for travellers through faster download times and better service.

Power charging stations and public Wi-Fi service are available to STC passengers in the Regina, Saskatoon, and Prince Albert terminals. These services are in response to the growing trend of "staying connected".

STC added six high-quality and low-mileage pre-owned coaches to its fleet in 2013. In addition, three existing coaches were refurbished to extend the life of these buses. These purchases and refurbishments increase STC's fleet reliability and passenger comfort.

ACCESS TO SERVICES

STC continues to meet the special needs of many customers. Work continues within STC to increase the number of buses that have wheelchair access. At the end of 2013, 30 per cent of the fleet was wheelchair accessible. STC subscribes to the Intercity Bus Code of Practice that outlines the service standards and the commitment of bus operators nationally. In the spirit of respect and inclusion, STC provides services through a combination of accessible equipment and facilities as well as trained personnel who assist passengers with disabilities.

The Attendant Program for Visually Impaired and Disabled Persons allows individuals requiring assistance from either an attendant or their service animal to maintain their freedom and ability to travel on STC's network. STC's Medical Pass is another program that ensures access to affordable transportation for people travelling for physician prescribed treatment. The 2013 passenger survey indicated that 18 per cent of passengers were travelling for medical purposes (a three per cent growth over 2012).

INDUSTRY IMPACTS

The negative financial impacts associated with Greyhound Canada's route cuts in neighbouring provinces in 2011 and 2012 continued to impact STC in 2013. To manage the annual subsidy, STC applied for and received approval to discontinue three under-utilized routes. These changes would, upon full implementation, save the company approximately \$300,000 per year. The first route, Blaine Lake - North Battleford, was discontinued on May 18, 2013. The other two routes, Eastend - Swift Current/Mossbank and Regina - Lanigan, were discontinued on January 1, 2014. Although the decision to discontinue these three routes was difficult, with two or less riders per trip, the impact on connections with the broader STC network was minimized.

In June 2013, STC was pleased to see Greyhound Canada reinstate a late afternoon service between Saskatoon and Edmonton. In 2012, this service had been cut and had a significant negative effect on STC's ridership volumes as many travellers were now required to stay overnight in Saskatoon. This expanded service provides Saskatchewan riders with more opportunities to travel to western Canada through Greyhound Canada connections. STC helped to promote this new schedule through the website, the Ride Rewards monthly email communication and with posters in the Saskatoon and Regina terminals.



VIRTUAL ACCESS

Ensuring customers have access to the right information at the right time to help them make the decision to use STC was a key focus in 2013. STC launched online tickets, or e-Tickets, in July 2013 for travel between Saskatoon and Prince Albert. With the success of the pilot launch, Regina was subsequently added as another destination. E-Ticket sales along this corridor exceeded expectations and STC expanded the opportunity to buy online tickets to include travel between other large centres providing riders with more purchase options.

STC launched a new Facebook page and updated the existing LinkedIn profile for the company in 2013. With the key target markets of youth and seniors turning to online sources for information and engagement, STC will look for new ways to become part of their conversation including cross promotion opportunities between Facebook and the Ride Rewards program.

ENSURING PASSENGER SAFETY

Safety is always a priority at STC. Ensuring passengers are safe and at ease starts with the company's professionally trained Motor Coach Operators. STC requires the certification of all operators in CPR and first aid as part of their training and recertification is necessary every three years. Each spring, STC honours those operators who reach safety milestones in their careers. Many of STC's drivers have reached one million miles with a continuously clean driving record.

All buses are installed with global positioning systems (GPS) and on-board cameras, both inside and out, for STC's dispatchers to address safety concerns.

STC maintains a high standard of maintenance and mechanical reliability for its fleet and equipment. Mechanics adhere to a checklist of tests and inspections to the engine and body of coaches on every regularly scheduled service. Major repairs, installations and maintenance work take place at the Saskatoon garage, with the Regina garage performing more routine maintenance and servicing.



FINANCIAL

STC is a fiscally responsible
and accountable corporation



FINANCIAL CONTROLS

Accurate public financial reporting is very important at STC. As part of the company's strict internal financial and reporting controls, CEO/CFO Certification requires that the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) certify that controls have been implemented and are operating effectively with no material weaknesses. In place since 2009, this certification process is evidence of the importance of accurate public financial reporting to STC.

Canadian Securities Administrators (CSA) National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* guide STC's approach to corporate governance. These CSA guidelines outline national governance requirements for publicly traded companies and address areas of responsibility for effective corporate governance. While STC is not a publicly traded company, its practices are benchmarked against these current industry best practices. A copy of STC's Corporate Governance Scorecard can be found later in this annual report.

OPERATIONAL EFFICIENCY

STC requires an operating and capital grant from Crown Investments Corporation of Saskatchewan (CIC) to fulfil its public policy role. Ensuring the efficient use of these funds drives decisions throughout STC each year. The company's financial performance is based on its operational efficiency and measured against the grant. Financial targets are calculated through "passenger services loss per mile," and "operating cash loss as a percentage of expenditures". Partly due to the cost of running two routes budgeted for discontinuation in May 2013, but not approved for elimination by the Highway Traffic Board (HTB) until after yearend, STC did not meet either of these targets during the year.

Travelling approximately 3.1 million miles and serving 284 communities in 2013, STC provided service to a geographically dispersed market. The footprint of the network is a key driver of costs for STC. In 2013, STC made some tough decisions resulting in an application to the HTB to discontinue three routes. On May 18, the Blaine Lake-North Battleford route ceased to operate. HTB decided to

postpone the discontinuation of the other two routes - Eastend-Swift Current/Mossbank and Regina-Lanigan until January 1, 2014.

The fleet renewal plan continues to focus on the purchase of used motor coaches and the refurbishment of existing motor coaches. These two steps have ensured the efficient use of the capital grants and provided for a greater opportunity to modernize more of the fleet than the costly purchase of new buses.

OTHER REVENUE

Diversifying revenue beyond passenger services helps STC to contain the annual subsidy. Profits from parcel express, leasing company facilities, charters, and signage on STC property help offset the passenger service losses. Identifying alternative revenue sources will continue to be a priority for the company in 2014.

LEAN

STC introduced lean transformation analysis in 2010. STC continues to work on applying lean principles and fostering a lean culture in its maintenance division. In 2013, the organization focused on completing projects in the area of parts management. STC now has a core team of fleet maintenance staff trained in lean processes and plans to complete future reviews on its own without external consultant engagements.



PEOPLE

STC is a high-quality employer



EMPLOYEE COMMITMENT

Customer service is STC's top priority and is stressed to employees at every level and in all departments. Customers interact with multiple employees on every trip - from ticket agents and drivers to custodians and head office employees.

STC has methods in place to maintain its excellent customer service rating. Regular communication tools such as quarterly meetings, the employee intranet site and bi-monthly staff newsletter are used to communicate plans, company standards, and to keep staff informed. Employee functions like annual summer barbeques provide staff with an opportunity to be engaged in community support initiatives and grow as a team.

RECRUITMENT AND RETENTION

Recruiting and retaining skilled and talented workers is becoming more competitive in the transportation industry.

In order for STC to maintain its customer service standards, the company must recruit and retain talented people to its workforce. An aging population, coupled with Saskatchewan's robust economy, has made recruitment a challenge for companies across the province, including STC.

In 2013, STC strengthened relationships with employment agencies, attended several job fairs, and focused on job-specific recruitment strategies targeted at hard to recruit positions such as Motor Coach Operators and Mechanics. STC uses internship programs such as Gradworks to alleviate some workforce challenges and provide real learning opportunities for recent graduates.

STC is proud to have a workforce which is representative of Saskatchewan's general population. STC believes a diversified workforce brings value to the organization. In 2013, the company continued to work to attract diverse and talented people to its team.

TRAINING AND DEVELOPMENT

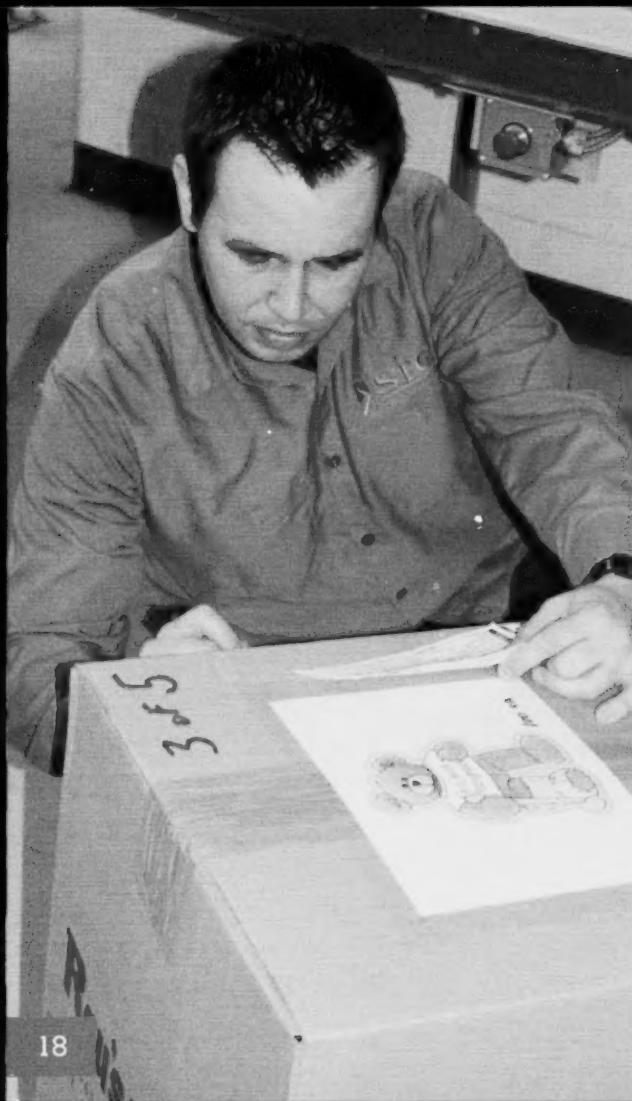
STC provides ongoing opportunities for training and development that help to build the skills employees need to succeed in their positions. The company focused on Occupational Health and Safety training, along with job specific training and certification programs in 2013. Not only does training build knowledge among STC's workforce, it encourages engagement and a customer-focused attitude.

CULTURE OF SAFETY

STC placed significant emphasis on its Occupational Health and Safety program, including prevention strategies in high-risk occupations. STC is investing heavily in improving return-to-work programs and training employees in regulations and safe work procedures. STC has committed to "Mission Zero" and building a culture of safety.

EMPLOYEE SATISFACTION

The company measures employee satisfaction through a voluntary employee survey distributed every year. This tool is a valuable resource for STC management to determine strengths and weaknesses of company-employee relations. Feedback from the surveys helps STC determine its yearly human resources plan. Overall employee satisfaction scores decreased in 2013 over the previous year, primarily as a result of the impacts on the organization of implementing route discontinuations as well as a difficult bargaining process with Amalgamated Transit Union (ATU) which represents STC's unionized staff. STC will be focusing on rebuilding employee engagement through improved communication and recognition efforts.



COMMUNITY SUPPORT

STC strives to give back to the communities it serves through its Community Support program. In 2013, the company assisted several community causes, non-profit organizations, and charities.

STC supported the Canadian Red Cross in Saskatchewan by providing transportation support for their annual Pink Shirt Day that promotes anti-bullying among youth. STC carried thousands of t-shirts to communities across the province for the event. In exchange for shipping support, STC received additional exposure to many urban and rural communities on its network.

STC was a proud transportation partner of SaskCulture for their Saskatchewan edition of Culture Days 2013. Culture Days is a Canada-wide volunteer movement meant to raise the awareness, accessibility, participation and engagement of all Canadians in the arts and cultural life of their communities.

The company also provided transportation support for students and chaperones from all over Saskatchewan attending CAA's annual School Safety Patrol Jamboree. This weekend-long event recognizes and rewards Saskatchewan student safety patrol volunteers who help students everywhere get to and from school safely. The key speaker for the 2013 event was Jennifer Botterill, four-time Olympic Medalist and five-time World Champion hockey player. Jennifer not only inspired the patrollers with an engaging talk, but also participated in a friendly game of indoor hockey. STC has supported the event since 2009.

STC's sponsorship goes beyond in-kind and prize donations. Every year, the company raises money for charity through their staff barbeques and other fundraising events. In 2013, the Little Bald Angels and the Canadian Cancer Society received donations thanks to the efforts of STC employees. Employees in Regina, Saskatoon and Prince Albert also organized a food drive during the holiday season to support local food banks, donating much needed non-perishable food items.

In June 2013, STC participated in the evacuation of Cumberland House in response to spring flooding. Two motor coaches were made available and STC was proud to help move evacuees to safe communities.

CultureDays.ca

September 18

INNOVATION

STC is improving
and innovating



REACHING OUT TO THE CUSTOMER

STC moved forward aggressively in 2013 to deploy a solution for customers wishing to purchase tickets online. A pilot of STC's e-Tickets between Saskatoon and Prince Albert began in July. Regina was added to this corridor in October after the success of the initial pilot. Strong sales of e-Tickets along this corridor positioned STC to expand the offering to other larger centres. In 2014, STC will add more destinations to e-ticket offerings, providing customers with another convenient way to access STC's services.

Social media has become a key part of STC's communication plan and an important tool to engage and communicate with customers. Social media can make it easy for consumers to become advocates for the organization. As advocates, they can help to spread the word about STC services. For STC, key social media sites include LinkedIn and Facebook.

Facebook has expanded the company's online reach to customers across Saskatchewan. Facebook's ability to target messaging to key segments will help with future advertising campaigns by putting relevant information in front of potential customers. The launch of the Facebook page in November has set the groundwork for engaging new and existing customers with promotions and service updates. LinkedIn has become a key tool for pushing out employment opportunities at STC. Providing potential employees with access to job postings through LinkedIn has helped to draw attention to careers at STC and assisted with the company's recruitment strategy.

PARTNERSHIPS

STC is both a commissioned agent and a strategic partner with Greyhound Canada. In response to what many customers consider an important feature of shipping services today, STC worked with Greyhound Canada to implement their track and trace solution in Saskatchewan for cross-Canada express shipments. In the fall of 2013, STC express staff in Regina and Saskatoon began to scan incoming and outbound shipments that were carried on Greyhound Canada schedules.

STC further leveraged its partnership with Greyhound Lines, Inc. by continuing to participate in the refurbishment program for motor

coaches. STC refurbished three coaches in 2013 at a fraction of the cost of a purchasing a new coach. Refurbishment extends the useful life of existing coaches while upgrading amenities to include wheelchair access, 110V outlets, and extended legroom.

STC also partnered with the Saskatchewan Trucking Association to provide enhanced skills training for our professional Motor Coach Operators through participation in the Professional Driver Improvement Course (PDIC). The PDIC course provides new and experienced drivers with training on defensive driving, adverse conditions, fatigue, driver alertness and fitness, and determining accident preventability.

LEGISLATIVE COMPLIANCE

STC has procedures in place to ensure that it is meeting the legislative and regulatory obligations of the company. A stringent testing model, similar to the CEO/CFO Certification program in place at STC, provides on-going due diligence to the process. To support an open and transparent organization, the Board of Directors receives quarterly reports on the legislative compliance project. This ensures a strong connection to STC's enterprise risk management model.



Meeting Financial Objectives

Annual grants allow STC to deliver a valuable public service. The stewardship of these funds are managed through strict financial controls and performance measurement tools.

Management's view of STC's performance in 2013 and prospects for the future are presented.

MANAGEMENT DISCUSSION & ANALYSIS | pg22



BALANCED | pg30 SCORECARD

Performance is tracked and reported against targets set in each of STC's strategic goals.



Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and audited annually.

FINANCIAL STATEMENTS | pg36



NOTES TO | pg42 FINANCIAL STATEMENTS

A comprehensive assessment of STC's financial condition is detailed in the notes.



Management Discussion and Analysis

The following Management Discussion and Analysis (MD&A) highlights the primary factors that impacted STC operations and financial results of the company for the year ended December 31, 2013. The MD&A provides management's perspective of the corporation for the previous 12 months. It should be read in conjunction with the audited financial statements and accompanying notes. The MD&A includes an industry overview and risk assessment, as well as information on financial performance, facilities, future outlook and the Balanced Scorecard.

INDUSTRY OVERVIEW

Western Canadian Industry

STC has the bulk of the intercity bus passenger business in Saskatchewan. Greyhound Canada operates two routes through the province (along the Trans-Canada and Yellowhead Highways). There are also a number of private sector carriers who have interline and other contractual arrangements with STC to serve specific areas.

Factors such as dispersed populations, fluctuating costs, and competition with other forms of travel continue to impact the intercity bus industry. The negative impacts of schedule changes by Greyhound Canada in 2011 and 2012 resulted in significant financial challenges for STC. Industry changes in Manitoba and Alberta impacted schedules in those provinces and by extension, STC operations. The end result in 2013 was a decision to discontinue three routes on STC's provincial network as a cost saving measure.

Within this volatile market, STC's service consistency and improvements in the on-board experience are company highlights. STC has reinforced security, safety, comfort, and affordability as brand attributes and seeks to improve public perception of bus travel.

Saskatchewan's economic forecast remains strong. Population migration projections and strong income levels for Saskatchewan families as compared to the rest of Canada create both opportunities and challenges for STC and these are outlined in the following discussion.

Geographically Dispersed Population

Saskatchewan has more than 16,000 miles of provincial highways, including municipal roads. Saskatchewan's total road surface is approximately 119,000 miles.

In 2013, STC operated approximately 3.1 million miles of scheduled bus service and provided connections to 284 communities.

In Saskatchewan, nearly all of STC's routes are low density. Revenues from the higher-volume routes are not able to fully offset the associated losses. Frequency of service is limited on some routes with low passenger numbers allowing STC to contain costs, but this negatively impacts passenger convenience. Therefore, STC relies on subsidization from its shareholder, Crown Investments Corporation of Saskatchewan (CIC).

Competitive Pressures

STC's ridership profile is increasingly becoming more dispersed among all segments of the population. While many customers choose to use STC out of necessity and do not have access to other modes of transportation, others are choosing to ride with STC because of the convenience, environmental benefits, and the ability to relax or be productive on-board with Wi-Fi. Despite this trend, there are still many that will continue to prefer the convenience and flexibility that private vehicles offer. In addition to the private automobile, air service provides alternative transportation between Saskatchewan's major cities, offering frequent, although more costly, service between Regina and Saskatoon - one of STC's profitable routes.

STC manages these competitive pressures by communicating the numerous benefits of bus travel through a variety of promotions, advertising, social media and public communications. STC is proactively communicating to customers the benefits of on-board amenities such as Wi-Fi offered on all STC routes. In 2013, e-tickets were instituted allowing customers to buy their tickets online for travel between Regina, Saskatoon and Prince Albert. Other larger centres were added near the end of 2013. STC has seen significant growth in the sale of online tickets and is moving towards expanding the number of communities eligible for e-tickets.

Improving Public Perception of Bus Travel

Despite positive reviews from STC customers ("good" or "excellent" combined satisfaction rating of 94 per cent in 2013), there remains a negative public (non-user) perception of bus travel in the industry as a whole. STC customers know the company provides good, clean and dependable service. STC's challenge is to utilize media and all other avenues to get this message out to people who have never travelled with STC.

The Canadian Bus Association best summarizes the largest challenge to bus transportation as "despite its benefits, bus is the least understood travel mode and often the least respected."

Management of this industry challenge includes opportunities for STC to better promote its products and services. Continued discount programs are planned for 2014, building on lessons learned in previous years. STC's Ride Rewards loyalty program grew to over 6,200 members in 2013 providing the company with a cost effective way to reach customers with information on promotions. STC has also set up a new Facebook page and has redesigned the company's LinkedIn presence in an effort to expand the reach to new online markets.

RISK ASSESSMENT

STC undertakes quarterly reviews of the enterprise risk management system with the Board of Directors.

Recruitment and Retention

STC's ability to provide high quality service to the public is directly attributable to a well-trained, satisfied workforce. STC surveys its workforce annually to ensure staff are satisfied and engaged. However, consistent with other employers in Saskatchewan, STC is facing difficulties recruiting and retaining employees in certain key job classifications. General recruitment and retention issues are being addressed by the new collective agreement. In addition, a targeted strategy has been developed to address driver recruitment and partnerships and participation in job fairs are used to promote STC as an employer of choice.

Fleet

The condition of STC's fleet is a critical factor in being able to provide high quality, safe and reliable service. An aging fleet leads to increased maintenance costs and detrimentally affects service reliability. STC maintains its fleet with regularly scheduled service intervals as determined by the *National Safety Code* to ensure repairs are conducted in a timely manner and extend the useful life of the fleet. STC continues to increase the capital allocation directed to fleet replacement through purchases of low-mileage used coaches and refurbishment of existing fleet.

Regina Maintenance Facility

In 2012, it was determined that the Regina maintenance facility requires structural enhancements to ensure a safe and productive life for the aging building. Temporary support structures were added to the garage in the fourth quarter of 2012 that extended the life of the garage by approximately three to five years and provided time to develop a plan for the future.

A long-term solution has been approved by the STC Board, the CIC Board and Cabinet that will see the existing building updated. A budget of \$3.82 million has been allocated to rebuild a steel structure for the building and update the electrical and mechanical systems. STC expects the refurbishment of the building to commence in 2014.

Compliance with Legislation Including Transportation Regulatory Requirements and OH&S Legislation

STC undertook a significant review of key legislation impacting the transportation industry in 2013. Areas of focus included the *Transportation Regulatory Requirements Registry* and OH&S legislation. The project included a review of STC's current processes to ensure compliance with these pieces of legislation and the development of tests and quarterly signoffs (similar to CEO/CFO Certification) to monitor compliance and mitigate risk.

The Board will be updated quarterly on STC's regulatory compliance to ensure due diligence is completed and transparency is maintained.

Management Discussion and Analysis (continued)

FINANCIAL PERFORMANCE

Introduction

The financial performance of the company is significantly impacted by its mandate to provide service on the widest practical basis. Because of low population densities, there are insufficient passenger and freight volumes to fully recover all operating costs. Thus, subsidization is required to serve such an extensive network. No dividend was paid to CIC in 2013 and STC will not be in a position to pay one in 2014.

In STC's case, its financial performance is gauged by whether its costs and subsidy are as low as possible. The quality and magnitude of the services provided is relative to expenditures incurred. Total cash loss as a percentage of total expenses (excluding depreciation) in 2013 was 38.8 per cent (37.8 per cent in 2012).

Operating and Capital Grants

STC operations are subsidized through grants received from CIC, the central overseeing body of Saskatchewan's Crowns. Each year, STC submits its performance measures and grant requirements to CIC for review and approval. In 2013, STC received approval for a total operating grant of \$10.5 million to cover its estimated operating losses. The operating grants consisted of an initial \$10 million grant and an additional \$0.5 million approved in the fall. The additional grant was required to partially offset prior year losses (due to Greyhound Canada service reductions) and the cost of running two routes planned for discontinuation in May 2013 (due to the Highway Traffic Board decision to defer elimination of these routes to the end of 2013).

STC received an approved 2013 capital grant of \$3.5 million to fund capital expenditures. Capital expenses are primarily allocated to fleet and building investments.

Other Revenue Sources

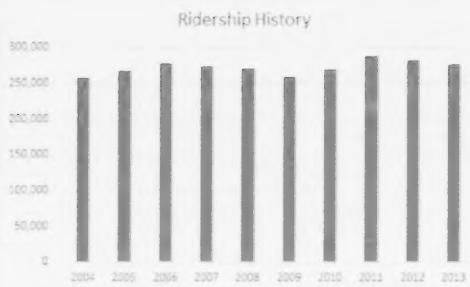
STC generates other revenue through alternative sources to help offset grant requirements. In 2013, this other revenue totaled \$954,000 (2012 \$858,000) and included:

- maintenance and cleaning service provided to other independent bus lines generating \$403,000 in revenue;
- leased excess space in terminals and garages totaling \$271,000;
- wrapped trailers and buses with advertising and sold advertising on STC property through the use of billboard signs resulting in \$65,000; and,
- an additional \$53,000 from automatic banking machines and locker rentals.

STC also operates charter services which provided \$207,000 in revenue in 2013. The operation of charters provides opportunities to better utilize the bus fleet, as most take place on weekends when fewer scheduled trips occur. In 2013, fleet pressures resulted in fewer charters being booked to ensure equipment availability for scheduled services. Requests for charter service that cannot be accommodated by STC are referred to private sector operators. STC maintains strong working relationships with the private sector and provides extra capacity, when possible, to private charter companies when they have failures or excess demand.

Passenger Service

Overall passenger numbers of 276,113 in 2013 was a 2.1 per cent decline compared to 2012. The fourth quarter of 2013 saw new marketing promotions being trialed, including a Companion Fare and a Buy-One-Get-One promotion. Although these trials have provided the company with useful information and feedback, they were not able to repeat the growth in ridership that extending a senior seat sale provides. STC's ridership target for 2014 is a one per cent increase on 2013's total ridership.



The table below offers a snapshot comparison of passenger service financial results from 2013.

	2013	2012
Passenger Service Loss Per Mile (Revenue - Cost = Loss/Mile)	\$2.73/mile (\$2.54-\$5.27)	\$2.63/mile (\$2.35-\$4.98)
Passenger Service Revenue	\$7,802,000	\$7,412,000
Passenger Service Operating Expense	\$16,193,000	\$15,682,000

In 2013, STC continued with its successful senior and youth seat sale campaigns. In total, over 20,000 senior passengers were carried in May and September and over 2,000 Youth Passes were sold in June, July and August. The company will continue to entertain and trial innovative ideas to improve passenger numbers. The Ride Rewards program and a new social media presence will provide new avenues for reaching out to customers.

Parcel Express Service

STC route scheduling and frequency is designed to optimize services for the passenger side of the business. STC, however, has unique strengths with respect to its parcel express service. STC provides service on weekends for a number of schedules, as does Greyhound Canada on routes it serves.

Another strength of STC's freight business is its reach. The breadth of its network is unparalleled by other couriers in Saskatchewan. Valuable packages containing water samples, blood supplies, and agricultural equipment help drive Saskatchewan's rural economy.

STC has programs in place for volume shippers. The company has a large number of corporate customers who do business with STC through charge accounts or a pre-sold waybill program.

Parcel express service tends to be somewhat seasonal for STC, with increased freight activity generally occurring during farm seeding, harvest, construction season, drilling season and the winter holiday/Christmas season.

Profits from STC's parcel express service help contain its subsidy requirement. The company experienced a 0.8 per cent decrease in revenue for 2013 compared to 2012. These reductions are attributable to a full year of schedule changes made in neighbouring provinces and frequency changes within STC's network. These changes began in 2012 and resulted in fewer connections and the elimination of some destinations for shipments. As a result, some shippers chose alternative options to move their goods. In addition, some large customers have moved towards expanding their internal logistic resources to move their product rather than utilizing STC.

A comparison of expenses and profits are provided in the table below:

	2013	2012
Parcel Express Revenues	\$7,596,000	\$7,664,000
Parcel Express Expenses	\$5,928,000	\$5,951,000
Parcel Express Profits	\$1,668,000	\$1,703,000

Management Discussion and Analysis (continued)

Bus Maintenance Services

STC also provides maintenance and cleaning services for other bus companies, providing revenue streams of \$403,000 for 2013, compared to \$376,000 in 2012. Expenses associated with such work were \$251,000 in 2013 compared to \$217,000 in 2012. The increased revenue is largely due to increasing fuel prices which STC sells as part of its maintenance services.

The workload of STC mechanics continues to be prioritized based on STC's own fleet maintenance needs. Maintenance service expenditures for STC coaches and fleet were \$3,825,000 in 2013, compared to \$3,712,000 in 2012. This is due to increases in the amount of repairs required to keep the aging fleet performing safely on scheduled routes in 2013.

STC made a number of fleet improvements in 2013, including the expansion of the number of coaches with 110V outlets, the beginning of Wi-Fi enhancements on key high-volume routes that will continue into 2014, and the replacement of six coaches with low-mileage used coaches. The refurbishment of three existing coaches was completed during the year allowing STC to extend the life of these coaches and upgrade on-board amenities.

Property, Plant and Equipment

Capital spending was \$3.3 million in 2013 compared to \$3.0 million in 2012. The increase over 2012 is largely the result of projects initiated in 2012 that were completed in 2013, including the purchase of a new freight truck and refurbishment of an existing coach.

STC's capital investment in 2013 included fleet renewal (\$2,709,000), other equipment (\$166,000), corporate systems and technology (\$236,000), and facilities (\$236,000). The fleet renewal spending included completion of three coach refurbishments and the purchase of six used coaches.

FACILITIES

STC owns and operates passenger and freight terminals in Regina, Saskatoon and Prince Albert. It owns service garages in Regina and Saskatoon. The company owns a passenger and freight terminal in Moose Jaw, and contracts the operation of the facility to an agent.

Prince Albert

The Prince Albert terminal provides services for both passengers and parcel express customers. The facility saw a number of improvement projects completed in 2013. The cement floor in the loading area of parcel express was refinished. A datacentre and network re-wire was completed to improve the security and disaster recovery capabilities of the company. Finally, the exterior was painted, and the awning was replaced with new, updated signage that matches the corporation's visual identity.

Regina

The main facility in Regina houses passenger services, parcel express services and the head office of STC. Snow stops on the roof of this building were replaced after a significant number were broken off in the heavy snow falls of 2012-2013.

The Regina maintenance facility remained a focus for STC in 2013. An engineer's inspection of the Regina maintenance facility revealed structural weaknesses in 2012. Options for a long term solution were analyzed and a plan was developed in 2013. STC received approval for a \$3.82 million capital grant in 2013 that will be used to complete the project over the next two years to ensure the safe long term use of this facility for maintenance services.

Saskatoon

Upgrades to the Saskatoon facilities included improvements made to the server room and to the bus lanes at the passenger terminal. In the parcel express area, the flooring was repaired to address the cement deterioration. The service line lighting was upgraded and washroom renovations to improve accessibility began at the Saskatoon maintenance facility.

STC Facilities	Age (years)
Moosomin* Passenger and Parcel Express Terminal	18
Prince Albert Passenger and Parcel Express Terminal	19
Regina	
• Passenger and Parcel Express Terminal	5
• Service Garage	65
Saskatoon	
• Passenger Terminal	29
• Parcel Express Building	36
• Service Garage	31

*STC owns but does not operate the property.

Corporate Systems and Technology

In 2013, STC implemented an e-Ticketing solution between select, larger centres. The original pilot covered travel between Saskatoon and Prince Albert. Regina was the next community to be added to the corridor followed by additional service points later in the year. This online system gives our customers another sales channel for purchasing tickets. Uptake has been extremely positive. In 2014, STC plans to expand the e-Ticketing to further service points throughout the province.

Fleet and Equipment

STC's coaches range in size from 20 to 55 seats. In 2013, STC operated a total of 43 coaches and 28 freight trailers. STC's coaches are 30 per cent wheelchair-accessible and plans are to increase this figure each year.

In 2013, STC took delivery of six full-size pre-owned coaches and four freight trailers. All coaches in STC's fleet have global positioning systems (GPS) and surveillance capability. 49 per cent have 110V outlets for passenger use and 100 per cent are Wi-Fi capable. These options, along with extended legroom and cup holders, will become standard on future fleet purchases.

EMPLOYEES

Collective Bargaining

The previous Collective Bargaining Agreement expired December 31, 2012. The Company and the Amalgamated Transit Union (ATU) completed collective bargaining in the second quarter of 2013 and a new agreement was ratified in July, 2013. Both parties continue to enjoy a constructive business-like relationship and look forward to that relationship being carried through 2014.

SHAREHOLDER ENGAGEMENT

STC works to maintain a strong relationship with its shareholder. Committed to supporting the principles of timeliness, openness and transparency, STC fully complies with its statutory obligations for approval and disclosure of information. These responsibilities include:

- Annual approval of the Corporation's performance management plan, including capital expenditures through its holding company, Crown Investments Corporation.
- Annual disclosure of all payments of over \$50,000 to employees and suppliers.
- Compliance with public requests for information, balancing the interests of *The Freedom of Information and Protection of Privacy Act*.



FUTURE OUTLOOK

STC will continue to seek ways of improving ridership and revenues while monitoring costs through efficiency measures. STC's business is tied to some non-controllable costs such as fuel. It is the company's responsibility to effectively manage resources it can control to contain its subsidy level.

Investing in fleet, technology, people, and facilities will support strategic goals of increasing ridership while maintaining high passenger satisfaction ratings. Marketing strategies will support the promotion of STC to the general public as a clean, safe, and comfortable transit provider.

The company will continue to seek private sector partnerships with agents and interline carriers to strengthen STC's customer service network in Saskatchewan. Other agreements will be leveraged with sponsors and business partners to increase STC's visibility within the community and foster a positive reputation of safe, affordable, and accessible bus passenger and freight service.

Saskatchewan's booming economy and larger population provide the opportunities of a larger potential market for STC. However, a growing affluent population often has access to private vehicle and air transportation options. As well, industry changes in neighbouring jurisdictions impact STC's ability to provide convenient connections to destinations in other provinces. Therefore, opportunities such as seat sales and new technology are needed to put STC in a position to improve its passenger and freight volumes going forward.

In order to continue serving customers to a high standard, the company will invest in its employees. Focusing on employee engagement, job specific recruiting and training, and investing in the development of employees will ensure that the people of Saskatchewan are treated to first-rate service.

STC's mandate is to provide safe, affordable and accessible bus passenger and freight services to Saskatchewan. This will be achieved through the continued provision of amenities such as Wi-Fi, extended legroom and wheelchair accessibility. It also includes the delivery of programs such as the discounted medical pass and various seat sales. STC's customer satisfaction rating of 94 per cent is a source of internal pride but improvement will always continue to be sought.



www.stcbus.com

 **STC**
The Bus Company

2013 Balanced Scorecard

MANAGEMENT'S RESPONSIBILITY FOR REPORTING ON PERFORMANCE

Management has presented its performance information in the Balanced Scorecard.

The information is, to the best of our ability, reliable (that is, reasonably free of errors or omissions and represents what it claims), consistent (that is, prepared using consistent policies and methods, explains significant variances, and reports results against previously approved targets), and understandable. To provide a better understanding of the information, management has defined the terms and calculations and has disclosed limitations.

Management has the primary responsibility for the integrity and objectivity of the performance information reported in the Balanced Scorecard. To fulfil this responsibility, the company maintains appropriate systems of internal controls and procedures. These systems provide reasonable assurance that information presented is reliable and consistent.

On behalf of the company, on March 31, 2014,



Shawn Grice, President & CEO

Scorecard Discussion

STC's Balanced Scorecard (BSC) holds the company accountable to the public. It contains objectives, measures, and targets which were created based on the strategic direction provided by STC's Board of Directors, as well as the overall strategic direction of Crown Investments Corporation of Saskatchewan (CIC). Measures continue to evolve to improve alignment with the company's strategic plan, demonstrate STC's contribution to the priorities of the Crown sector, and improve clarity in the reporting of the results.

Discussion of 2013 Results

Customer

- Passenger satisfaction is at an all-time high of 94 per cent.
- Two fare increases in 2013 brought rates to just one per cent below the western Canadian average.
- Communities served dropped to 284 due to the Blaine Lake-North Battleford route discontinuation. Plans to discontinue Regina-Lanigan and Eastend-Swift Current/Mossbank were delayed until January 1, 2014 as per a decision by the Highway Traffic Board.
- STC owns and operates 43 coaches, 30 per cent of which are equipped for wheelchair accessibility.
- Parcel express satisfaction has grown to 88 per cent.

Financial

- While STC requires grants from CIC to fulfil its public policy role, it measures its financial success by setting efficiency targets ("passenger services loss per mile" and "operating cash loss as a percentage of overall expenditures") and by implementing expenditure controls to meet those targets. Key financial measures did not meet 2013 targets largely due to lower than expected parcel express revenues, the unexpected cost of running two routes budgeted for discontinuation, higher than budgeted fuel costs and increased building maintenance costs (primarily at the Regina maintenance facility).

- STC was in full compliance with best practices of corporate governance as defined by the Canadian Securities Administrators (CSA). Please see the Corporate Governance for details.

People

- Employee satisfaction rating dropped to 66 per cent. STC will continue to seek higher employee satisfaction through improved communication across all levels and a focus on recruitment and retention strategies.
- Training levels increased substantially in 2013 with a renewed focus on OH&S training. However, it is anticipated that future years will be more in line with current targets.

- Total compensable injury claims increased year over year in 2013. STC has been working to revise its safety program and procedures, and provide safety training to all employees in an effort to reduce and prevent injuries in the workplace.

Innovation

- The number of partnerships in 2013 is above target due to the delayed implementation of route discontinuations.
- Growth in ridership is below target. STC will continue to offer targeted promotions and provide superior customer service in an attempt to positively impact ridership.
- STC riders continue to have a strong understanding of the positive environmental impact of bus travel with 95 per cent agreeing that it is environmentally-friendly.

2013 Balanced Scorecard (continued)

CUSTOMER

WE MEET THE NEEDS OF OUR CUSTOMERS

Objective	Measures		Target 2013	2013 Actual	2014 Target
Passengers are satisfied with the service they receive	M1	Passenger survey satisfaction rating	92%	94%	92%
Fares and discounts are competitive and satisfactory to our customers	M2	Fares are at or near the Western Canadian Average	-1% to +4%	-1%	-1% to +4%
Routes serve a significant portion of Saskatchewan	M3	Number of communities served	253	284	253
A portion of our passenger bus fleet is equipped for wheelchair accessibility	M4	Percentage of fleet that is wheelchair accessible	26%	30%	30%
Parcel express customers are satisfied with the service they receive	M5	Parcel express survey satisfaction rating	84%	88%	85%

FINANCIAL

WE ARE A FISCALLY RESPONSIBLE AND ACCOUNTABLE CORPORATION

Objective	Measures		Target 2013	2013 Actual	2014 Target
Cash loss is as low as possible	M6	Operating cash loss as a percentage of overall expenditures	37.15%	38.77%	37.52%
Operating costs are as low as possible	M7	Passenger services loss per mile	(\$2.67)	(\$2.73)	(\$2.69)
Meet or exceed all Board of Director governance requirements	M8	Compliance with "Best Practices" for Board governance	Full Compliance (FC)	Full Compliance (FC)	Full Compliance (FC)

PEOPLE

WE ARE A HIGH-QUALITY EMPLOYER

Objective	Measures		Target 2013	2013 Actual	2014 Target
STC is an employer of choice in Saskatchewan	M9	Employee satisfaction survey rating	74%	66%	75%
STC promotes safety and career enhancement training for our employees	M10	Number of safety, technical and professional development training opportunities attended	180	699	190
STC provides a safe work environment and is working towards lowering the number of compensable injury claims	M11	Number of compensable injury claims	15	25	14

INNOVATION

WE ARE IMPROVING AND INNOVATING

Objective	Measures		Target 2013	2013 Actual	2014 Target
Grow our business operations with other private entities	M12	Total agreements and partnerships	204	221	204
Build our customer base and promote the Corporation	M13	Percentage growth in passenger numbers	1.0%	-2.1%	1.0%
Support building our future by protecting our environment	M14	Percentage of passengers aware that bus transportation is environmentally-friendly	95%	95%	95%

2013 Balanced Scorecard (continued)

Explanation of Measurement Terms

WE MEET THE NEEDS OF OUR CUSTOMERS

M1 Passenger Survey Satisfaction Rating is the overall satisfaction level of our bus-riding (passengers) customers. This information is obtained through a semi-annual, voluntary, passenger sample survey. It represents the total percentage of respondents who rate their overall satisfaction with the services provided by STC as "good" or "excellent".

M2 Fares Are At Or Near The Western Canadian Average (WCA) and are set within a range of one per cent below to four per cent above the WCA. The WCA is determined by the rates charged at the end of each quarter by Greyhound Canada in Saskatchewan, Manitoba, Alberta and British Columbia.

M3 Number Of Communities Served is all communities within Saskatchewan with at least one of the following: a flag-stop, scheduled passenger service and/or freight only service.

M4 Percentage Of Fleet That Is Wheelchair Accessible includes the percentage of total motor coaches owned by STC that have built-in wheelchair lifts.

M5 Parcel Express Survey Satisfaction Rating is the overall satisfaction level of our parcel express customers. This information is obtained through survey information that is gathered voluntarily from customers. It represents the total percentage of respondents who rate their overall satisfaction with the services provided by STC as "good" or "excellent".

WE ARE A FISCALLY RESPONSIBLE AND ACCOUNTABLE CORPORATION

M6 Operating Cash Loss As A Percentage Of Overall Expenditures is kept as low as possible. The percentage is calculated as the operating cash loss divided by the total expenses (excluding amortization) for the year.

M7 Passenger Services Loss Per Mile is the difference between the passenger expense and revenue per mile. Revenue per mile is calculated as the total passenger revenues, divided by the total scheduled miles and service miles. Passenger expense per mile is calculated as the total passenger expenses divided by the total scheduled miles and service miles.

M8 "Best Practices" For Board Governance is measured by either meeting or exceeding all corporate governance requirements as set forth by the Canadian Securities Administrators (CSA) *National Policy 58-201 Corporate Governance Guidelines* and *National Instrument 58-101 Disclosure of Corporate Governance Practices*. These CSA guidelines outline national governance requirements for publicly traded companies and address areas of responsibility for effective corporate governance. While STC is not a publicly traded company, its practices are benchmarked against these industry best practices each year.

WE ARE A HIGH-QUALITY EMPLOYER

M9 Employee Satisfaction Survey Ratings is obtained from a comprehensive employee survey. The survey measures the overall satisfaction of STC employees. The survey is conducted annually and responses are voluntary.

M10 Number Of Safety, Technical And Professional Development Training Opportunities Attended in the workplace represents the total number of times employees have attended either an in-house or externally delivered seminar, training session or workshop during the year.

M11 Number Of Compensable Injury Claims in the workplace represents the total number of injury claims which involved compensation to an employee during the year.

WE ARE IMPROVING AND INNOVATING

M12 The Number Of Total Agreements And Partnerships with private sector entities is summed and reported at the last day of the quarter. It includes the total number of operating STC agents, interline carriers, contract carriers and pick-up and delivery service operators. It also includes other partnerships and agreements that meet specified criteria to be included in the reported results.

M13 Percentage Growth In Passenger Numbers is the percentage growth in ridership on scheduled routes year-over-year.

M14 The Percentage Of Passengers Aware That Bus Transportation Is Environmentally-Friendly is obtained through a semi-annual, voluntary, passenger sample survey and represents the total percentage of respondents who rate riding the bus as environmentally-friendly.

Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management has prepared the financial statements of the Company in accordance with International Financial Reporting Standards. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which the Company prepared these financial statements.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfil this responsibility, the Company maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Company.

MNP LLP, the Company's external auditors, have examined the December 31, 2013 financial statements, and their report follows.

The Board of Directors of Saskatchewan Transportation Company has examined and approved the statements.

On behalf of the Company,



Shawn Grice
President & CEO



Jason Sherwin
CFO

February 27, 2014

ANNUAL STATEMENT OF MANAGEMENT RESPONSIBILITY

I, Shawn Grice, the President and Chief Executive Officer of the Saskatchewan Transportation Company, and I, Jason Sherwin, the Chief Financial Officer of the Saskatchewan Transportation Company, certify the following:

- a. That we have reviewed the financial statements included in the Annual Report of the Saskatchewan Transportation Company. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of December 31, 2013.
- b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of the Saskatchewan Transportation Company do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.
- c. That the Saskatchewan Transportation Company is responsible for establishing and maintaining effective internal controls over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and the Saskatchewan Transportation Company has designed internal controls over financial reporting that are appropriate to the circumstances of the Saskatchewan Transportation Company.
- d. That the Saskatchewan Transportation Company conducted its assessment of the effectiveness of the corporation's internal controls over financial reporting and, based on the results of this assessment, the Saskatchewan Transportation Company can provide reasonable assurance that internal controls over financial reporting as of December 31, 2013 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Shawn Grice
President & CEO



Jason Sherwin
CFO

February 27, 2014

INDEPENDENT AUDITORS' REPORT

Members of the Legislative Assembly of Saskatchewan:



We have audited the statement of financial position of Saskatchewan Transportation Company as at December 31, 2013 and the statements of comprehensive loss, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Saskatchewan Transportation Company as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Regina, Saskatchewan
February 27, 2014

MNP LLP
Chartered Accountants

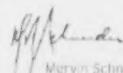
Statement of Financial Position As at December 31

	(Thousands of Dollars)		
	2013	2012	
Assets			
Current			
Cash	\$ 1,642	\$ 1,043	
Accounts receivable (note 5)	1,281	1,178	
Inventories (note 7)	330	296	
Prepaid expenses	518	522	
Assets held for sale (note 8)	3	17	
	3,774	3,056	
Non-current			
Property and equipment (note 9)	35,779	35,526	
	39,553	38,582	
Liabilities and Province's Equity			
Liabilities			
Current			
Trade and other payables	\$ 2,950	\$ 2,634	
Non-current			
Deferred capital grant (note 11)	29,592	28,886	
	32,542	31,520	
Province of Saskatchewan's Equity			
Contributed surplus	465	465	
Retained earnings	6,546	6,597	
	<i>(7,01)</i>	<i>7,062</i>	
	\$ 39,553	\$ 38,582	

See accompanying notes

Approved by the Board on February 27, 2014


Jonathan Abrametz
Director


Marvin Schneider
Director

Statement of Comprehensive Loss Year Ended December 31

	(Thousands of Dollars)	
	2013	2012
Revenue		
Express services	\$ 7,596	\$ 7,654
Passenger services	7,802	7,412
Other	954	858
Gain (loss) on disposal of property and equipment	96	(3)
	16,448	15,921
Expenses		
Operating costs other than those listed below	10,802	10,339
Salaries, wages and short-term employee benefits	15,904	15,280
Depreciation (note 9)	3,087	3,142
	29,793	28,761
Loss before the following	(13,345)	(12,840)
Operating grant (note 12)	10,500	9,200
Capital grant (note 11)	2,794	2,671
Total comprehensive loss	\$ (51)	\$ (969)

See accompanying notes

Statement of Changes in Equity

	(Thousands of Dollars)		
	Attributable to the Province of Saskatchewan		
	Retained Earnings	Contributed Surplus	Total Equity
Balance at December 31, 2011	\$ 7,566	\$ 465	\$ 8,031
Total comprehensive loss	(969)	-	(969)
Balance at December 31, 2012	6,597	465	7,062
Balance at December 31, 2012	6,597	465	7,062
Total comprehensive loss	(51)	-	(51)
Balance at December 31, 2013	\$ 6,546	\$ 465	\$ 7,001

See accompanying notes

Statement of Cash Flows Year Ended December 31

(Thousands of Dollars)

	2013	2012
Operating Activities		
Total comprehensive loss	\$ (51)	\$ (969)
Items not involving cash:		
Depreciation (note 9)	3,087	3,142
(Gain) loss on disposal of property and equipment	(96)	3
Recognition of capital grant (note 1)	(2,794)	(2,671)
Net change in non-cash working capital (note 14)	183	(415)
Cash provided by (used in) operating activities	329	(910)
Investing Activities		
Additions to property and equipment (note 9)	(3,347)	(2,953)
Proceeds on disposal of property and equipment	117	
Cash used in investing activities	(3,230)	(2,953)
Financing Activities		
Capital grant received (note 11)	3,500	2,300
Cash provided by financing activities	3,500	2,300
Increase (decrease) in cash	599	(1,563)
Cash, beginning of year	1,043	2,606
Cash, end of year	\$ 1,642	\$ 1,043

See accompanying notes

Notes to Financial Statements Year Ended December 31, 2013

1. STATUS OF THE COMPANY

The Saskatchewan Transportation Company ('STC' or the 'Company') was originally established in 1946 by Order in Council #168 to act as a common carrier providing passenger service transportation, parcel express and freight services. STC's powers, duties and conditions were affirmed in 1993 by Order in Council #5. STC is continued under *The Crown Corporations Act, 1993*. STC is a corporation domiciled in Canada. The address of the Company's registered office and principal place of business is 1717 Saskatchewan Drive, Regina, SK, S4P 2E2.

The financial results of STC are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC).

STC is a Provincial Crown Corporation and therefore not subject to Federal or Provincial income taxes in Canada.

STC's passenger rates are subject to rate regulation by the Motor Carrier Committee of the Saskatchewan Highway Traffic Board, which is a related party. The committee reviews applications for operating authority certificates under the *Traffic Safety Act*, and fixes rates and conditions of carriage for holders of these certificates or licenses of authority. STC holds operating authority on the routes it operates, but must seek approval for passenger rate changes from the Motor Carrier Committee.

2. OPERATIONS AND FINANCING

As a matter of public policy, STC will continue to provide bus passenger and parcel express service to the communities of Saskatchewan. The Company will ensure that its commitment to servicing the province of Saskatchewan is kept uppermost in all of its planning. As a result of the public policy rationale for the operation of certain non-commercial routes, STC continues to be dependent upon CIC for its funding.

By way of Orders in Council #10/2013 and #560/2013 STC was authorized to obtain grant funding up to \$14.0 million (2012 - \$1.5 million, Order in Council #29/2012) for operating and capital requirements. During the year, STC requested and received \$14.0 million of the \$14.0 million authorized (2012 - \$1.5 million of the \$1.5 million authorized).

By way of Order in Council #647/2013 STC is authorized to obtain grant funding up to \$3.82 million for structural and mechanical renovations to the Regina Maintenance Facility. During the year, STC did not request any of the grant funding related to this project.

3. BASIS OF PREPARATION

a. Statement of compliance

The year end financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Company's functional currency.

d. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Depreciation is based on the estimated useful lives of property and equipment. Tangible assets are reviewed for impairment annually using estimates of recoverable amounts to determine if there is an impairment loss. The accrual for compensated absences is based on historical usage.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Cash

Cash is measured at fair value which approximates cost.

b. Inventories

Inventories of vehicle parts and supplies are stated at the lower of cost and net realizable value and are costed using the first in, first out (FIFO) method.

c. Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any provisions for impairment. Cost includes expenditure that is directly

attributable to the acquisition of the asset. The cost of self-constructed assets includes materials, services, direct labour and directly attributable overheads.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized. The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in total comprehensive loss as incurred.

When property and equipment are disposed of or retired, the related costs and accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are reflected in the statement of comprehensive loss for the period.

d. Non-financial assets held for sale

Non-financial assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-financial assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

e. Operating grant revenue

Operating grants from CIC are recognized as revenue when received.

f. Capital grant revenue

Capital grants related to depreciable property are deferred as received and are recognized as revenue over the life of the asset. The Company recognizes a portion of the capital grant as revenue each year equivalent to the amount of depreciation recognized on the assets acquired with the grant funds.

Capital grants related to the acquisition of land and related costs are recognized as a direct increase in retained earnings.

g. Depreciation of property and equipment

Depreciation is recorded on buildings, vehicles, and equipment, on the straight-line basis over the estimated productive life of each asset. Depreciation commences when the property and equipment is ready for its intended use. The estimated useful life of property and equipment is based on manufacturer's guidance, past experience and future expectations regarding the potential for technical obsolescence. The estimated useful lives are reviewed annually and any changes are applied prospectively.

The estimated useful lives of the major classes of property and equipment are as follows:

Buildings	10 - 50 years
Vehicles	5 - 15 years
Other equipment	3 - 10 years

h. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss.

i. Revenue recognition

Passenger and express service revenue is generally recognized upon the completion of service. Interline passenger and express services are treated as being complete when the passenger or parcel is turned over to the connecting carrier.

Other revenues, including charter, space leasing, bus advertising, vending, and maintenance, are recognized when earned.

Notes to Financial Statements (continued)

J. Employee benefits

The Company participates in two pension plans. One is a defined benefit plan established pursuant to the Public Employees Benefits Agency. The other is the Capital Pension Plan which is a defined contribution plan sponsored by STC. STC's contributions to the defined benefit plan and the defined contribution plan are expensed during the period. All eligible employees hired after September 1, 1980 are participants in the defined contribution plan.

The Company's financial obligations to each plan is limited to making regular payments to match the amounts contributed by the employees for current services.

K. Financial instruments

The Company classifies its financial instruments into one of the following categories: financial instruments at fair value through profit or loss; held to maturity; loans and receivables; and other liabilities.

All financial instruments are measured at fair value on initial recognition and recorded on the statement of financial position. Transaction costs are included in the initial carrying amount of financial instruments except for financial assets classified as fair value through profit or loss, in which case the transaction costs are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial instruments classified as fair value through profit or loss are subsequently measured at fair value, with changes in fair value recognized in the statement of comprehensive loss. Financial instruments classified as loans and receivables and other liabilities are subsequently measured at fair value less any allowances and impairments.

L. Impairment of accounts receivable

A provision for impairment is made and an impairment loss is recognized in the statement of comprehensive loss when there is objective evidence that the Company will not be able to collect all of the amounts due under the original terms of the accounts receivable. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

M. Compensated absences

The Company recognizes an accrual to the extent that compensated absences for individuals in the coming year are expected to be greater than the sick leave entitlements earned in the coming year.

N. New standards and amendments effective during the year

The following amendments to IFRS came into effect during 2013:

- IFRS 10, *Consolidated Financial Statements* - effective January 1, 2013
- IFRS 11, *Joint Arrangements* - effective January 1, 2013
- IFRS 12, *Disclosure of Interests in Other Entities* - effective January 1, 2013
- IFRS 13, *Fair Value Measurement* - effective January 1, 2013
- IAS 19, *Employee Benefits* - effective January 1, 2013
- IAS 27, *Separate Financial Statements* - effective January 1, 2013
- IAS 28, *Investments in Associates and Joint Ventures* - effective January 1, 2013
- Amendments to IAS 1, *Presentation of Items of Other Comprehensive Income* - effective January 1, 2013
- Amendments to IFRS 7, *Disclosures - Offsetting Financial Assets and Financial Liabilities* - effective January 1, 2013

These standard changes have no effect on the financial statements of STC.

O. New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended December 31, 2013, and have not been applied in preparing these financial statements. In particular, the following new and amended standards which become effective for annual periods beginning on or after January 1, 2014:

- Amendments to IFRS 7, *Disclosures - Mandatory Effective Date and Transition Disclosures* - effective January 1, 2015
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* - effective January 1, 2014
- Amendments to IAS 32, *Offsetting Financial Assets and Financial Liabilities* - effective January 1, 2014

- Amendments to IAS 36, *Recoverable Amount Disclosure for Non-Financial Assets* - effective January 1, 2014
- Amendments to IAS 39, *Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting* - effective January 1, 2014

The extent of the impact on adoption of these standards on the financial statements of STC is not known at this time.

5. FINANCIAL RISK MANAGEMENT

Fair value

The Company, as part of its operations, carries a number of financial instruments which includes cash, accounts receivable, and trade and other payables. The carrying amount of STC's financial instruments approximates their fair value due to the short-term maturities of these items.

The following summarizes the classification, carrying amounts and fair values of the Company's financial instruments:

Classification	Level	Carrying Amount	2013		2012	
			Fair Value	Carrying Amount (Thousands of Dollars)	Fair Value	Carrying Amount (Thousands of Dollars)
Cash	FV	1	\$ 1,642	\$ 1,642	\$ 1,043	\$ 1,043
Accounts receivable	L&R	N/A	1,281	1,281	1,178	1,178
Trade and other payables	OL	N/A	2,950	2,950	2,634	2,634

Classification details are: FV - fair value through profit or loss, L&R - loans and receivables, OL - other financial liabilities.

Fair value hierarchy

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Quoted prices are readily available from an active market.
 Level 2 - Inputs, other than quoted prices included in level 1, that are observable either directly or indirectly.
 Level 3 - Inputs are not based on observable market data.

The Company's financial instruments (other than Cash) have not been classified in the fair value hierarchy given that carrying value approximates fair value due to their immediate or short-term maturity.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company extends credit to its customers in the normal course of business and is exposed to credit risk in the event of non-performance by customers, but does not anticipate such non-performance. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks identified with the customer and other relevant information. STC monitors the credit risk and credit rating of customers on a regular basis. Cash is held with a major chartered Canadian bank and management believes the risk of loss to be minimal.

Notes to Financial Statements (continued)

The maximum exposure to credit risk is \$2.92 million (2012 - \$2.22 million) equal to the carrying value of the Company's financial assets (cash - \$1.64 million (2012 - \$1.04 million) and accounts receivable - \$1.28 million (2012 - \$1.18 million)).

The following table sets out details of the age of receivables and allowance for doubtful accounts:

	2013 (Thousands of Dollars)	2012 (Thousands of Dollars)
Gross accounts receivable:		
Current	\$ 919	\$ 787
Up to three months past due date	385	460
Greater than three months past due date	137	91
	1,441	1,338
 Allowance for doubtful accounts:		
opening balance	(160)	(160)
Accounts written off		
Allowance for doubtful accounts, ending balance	(160)	(160)
 Net accounts receivable	\$ 1,281	\$ 1,178

6. CAPITAL MANAGEMENT

STC's objective when managing its capital structure is to ensure adequate funding exists to support the operations and growth strategies for the Company.

STC obtains its funding from CIC by way of operating and capital grants authorized by Orders in Council. Throughout the year, operating and capital grant draws are made as necessary based on cash flow forecasts. STC also has an available line of credit of \$500 thousand at the CIBC that it can draw upon.

STC's capital structure consists of equity, primarily in the form of retained earnings. STC does not have any debt.

STC's capital structure is as follows:

	2013 (Thousands of Dollars)	2012 (Thousands of Dollars)
Contributed surplus	\$ 465	\$ 465
Retained earnings	6,546	6,597
	\$ 7,011	\$ 7,062

The Company monitors and assesses its financial performance against its plans in order to ensure that it is continuing its commitment to serve the province by providing bus passenger and express service to the communities of Saskatchewan. STC achieves this by adhering to its balanced scorecard objectives, measures, and targets that have been approved by the STC Board of Directors and CIC.

7. INVENTORIES

The costs of inventory recognized as an expense during the year in respect of continuing operations was \$337 thousand (2012 - \$332 thousand).

8. ASSETS HELD FOR SALE

(Thousands of Dollars)

	Cost	Accumulated Depreciation	2013 Net Book Value	2012 Net Book Value
Assets held for sale	\$ 426	\$ 423	\$ 3	\$ 17

At December 31, 2013, STC had fleet assets that are no longer in service and are held for sale. Management intends to dispose of these assets through public sale within the next 12 months. The carrying amount of these assets approximates fair value.

9. PROPERTY AND EQUIPMENT
(Thousands of Dollars)

	Land	Buildings	Vehicles	Other Equipment	Total
Cost or deemed cost					
Balance at December 31, 2011	\$ 4,654	\$ 33,673	\$ 15,454	\$ 7,794	\$ 61,755
Additions	-	64	2,044	845	2,953
Assets held for sale	-	-	(1,887)	-	(1,887)
Disposals	-	-	-	(26)	(26)
Balance at December 31, 2012	4,654	33,737	15,611	8,613	62,615
Balance at December 31, 2012					
Additions	-	236	2,709	402	3,347
Assets held for sale	-	-	-	-	-
Disposals	-	-	(604)	(169)	(773)
Balance at December 31, 2013	\$ 4,654	\$ 33,973	\$ 17,716	\$ 8,846	\$ 65,189
Depreciation					
Balance at December 31, 2011	\$ -	\$ 9,914	\$ 10,097	\$ 5,829	\$ 25,840
Depreciation for the year	-	951	1,407	784	3,142
Assets held for sale	-	-	(1,870)	-	(1,870)
Disposals	-	-	-	(23)	(23)
Balance at December 31, 2012	-	10,865	9,634	6,590	27,089
Balance at December 31, 2012					
Depreciation for the year	-	959	1,388	740	3,087
Assets held for sale	-	-	-	-	-
Disposals	-	-	(599)	(167)	(766)
Balance at December 31, 2013	\$ -	\$ 11,824	\$ 10,423	\$ 7,163	\$ 29,410
Carrying Amounts					
At December 31, 2012	4,654	22,872	5,977	2,023	35,526
At December 31, 2013	\$ 4,654	\$ 22,149	\$ 7,293	\$ 1,683	\$ 35,779

Notes to Financial Statements (continued)

10. NON-MONETARY TRANSACTIONS

During the year, STC entered into non-monetary arrangements resulting in STC providing services in exchange for advertising and promotional services. The fair value of the transactions were determined based on the value of services provided as the services received were not reliably measurable. In 2013, passenger and other revenue included \$95 thousand (2012 - \$95 thousand) exchanged in such arrangements offset by a corresponding amount included in operating expenses.

11. CAPITAL GRANT

Order in Council #10/2013 authorized STC to obtain grant funding up to \$3.5 million for capital requirements in 2013. During the year, STC obtained \$3.5 million (2012 - \$2.3 million, Order in Council #29/2012) of capital funding from CIC.

Order in Council #647/2013 authorized STC to obtain grant funding up to \$3.82 million for structural and mechanical renovations to the Regina Maintenance Facility. During the year, STC did not request any of the grant funding related to this project.

Deferred capital grant consists of the following:

	2013 (Thousands of Dollars)	2012 (Thousands of Dollars)
Deferred capital grant, beginning of year	\$ 28,886	\$ 29,257
Capital grant received	3,500	2,300
Capital grant revenue recognized	(2,794)	(2,671)
	\$ 29,592	\$ 28,886

12. OPERATING GRANT

Orders in Council #10/2013 and #560/2013 authorized STC to obtain grant funding up to \$10.5 million for operating requirements in 2013. During the year, STC obtained \$10.5 million (2012 - \$9.2 million) from CIC.

13. PENSION CONTRIBUTIONS

The Company participates in two pension plans. STC's contributions to the Public Service Superannuation Plan which were expensed during the year were \$2 thousand (2012 - \$2 thousand). STC's contributions to the Capital Pension Plan which were expensed in the year were \$859 thousand (2012 - \$810 thousand).

14. NET CHANGE IN NON-CASH WORKING CAPITAL

	2013 (Thousands of Dollars)	2012 (Thousands of Dollars)
(Increase) Decrease in:		
Accounts receivable	\$ (103)	\$ 244
Inventories	(34)	80
Prepaid expenses	4	(40)
	(133)	284
Increase (Decrease) in:		
Trade and other payables	316	(699)
	\$ 183	\$ (415)

15. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Company by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). STC has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

On October 15, 2008, STC sold its former Regina head office building and land to SaskPower, a Saskatchewan Crown Corporation. The sale was recorded as a related party transaction and as such, the excess of consideration received over the net book value of the property was credited to contributed surplus (\$465 thousand).

In addition, the Company pays Saskatchewan Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Key management personnel compensation

Key management personnel consist of the Company's directors and executive officers. Compensation to key management personnel consisted of short term employee benefits (director remuneration, executive salaries and non-cash benefits) and post employment benefits (Company contributions to defined contribution pension plan for executive).

Key management personnel compensation comprised:

	2013	2012
	(Thousands of Dollars)	
Short-term employee benefits	\$ 1,286	\$ 1,163
Post-employment benefits	67	63
	\$ 1,353	\$ 1,226

16. COMMITMENTS

The following significant purchase commitments exist at December 31, 2013:

- a) \$102 thousand for washroom accessibility upgrades to the Saskatoon Maintenance Facility. The upgrades commenced in 2013 with expected completion in February 2014.
- b) \$71 thousand for snow plow upgrades to the Regina Depot. The upgrades commenced in 2013 with expected completion in January 2014.

Ensuring Corporate Governance

STC follows a framework of rules and practices by which the Board of Directors ensures accountability, fairness, and transparency.

STC's Board of Directors are stewards for the organization representing the shareholder.

BOARD OF DIRECTORS | pg52



STC outlines its corporate governance practices in alignment with the guidelines set forth in the Canadian Securities Administrators (CSA) *National Policy 58-201* and *National Instrument 58-101*.

CORPORATE GOVERNANCE SCORECARD | pg58



BOARD COMMITTEES | pg56

Committees assist the Board in fulfilling its obligations and meeting its responsibilities.

Corporate Governance

AUTHORITY

Established in 1946, the Saskatchewan Transportation Company (STC) is a Crown Corporation of the province of Saskatchewan. STC is subject to *The Crown Corporations Act, 1993*, which provides the Crown Investments Corporation of Saskatchewan (CIC), the holding company for Saskatchewan's Crown Corporations, the authority to establish the direction of the Corporation.

BOARD OF DIRECTORS

Role of the Board

The primary function of the STC Board of Directors (Board) is to represent the shareholder as stewards of the Corporation. The Board has a statutory authority and obligation to oversee the affairs and business of the Corporation. The Board oversees Executive Officers, who are responsible for day-to-day operations, and through the Chief Executive Officer (CEO), sets the standards of organizational conduct and performance.

The CEO leads the development and implementation of strategic initiatives, policies, operating and capital budgets, makes recommendations and implements board-approved initiatives, liaises with the Minister acting on behalf of the Province and shareholder, and manages the day-to-day business. The Minister Responsible for STC and Cabinet are tasked to communicate broad objectives for the Corporation and empower the Board to oversee the business of the Corporation.

The Board has its own Terms of Reference, along with responsibilities laid out in accordance with "best practices" for corporate governance, as developed by the Canadian Securities Administrators.

Board Compensation

The remuneration and expense schedules for the Board are determined by Crown Investments Corporation of Saskatchewan and adhered to by STC.

In 2013, Directors were paid an annual retainer and per diems:

Board Chair Retainer (Annual)	\$20,000
Board Member Retainer (Annual)	\$14,000
Audit & Finance Committee Chair Retainer (Annual)	\$2,600
Other Committee Chair Retainer (Annual)	\$2,000
Committee Member Meeting Fee (Daily)	\$650

Board Composition

The STC Board consists of independent directors who are appointed for a set term by the Lieutenant Governor in Council. The Lieutenant Governor in Council also designates the Chair and Vice Chair of the Board.

In 2013, two new board members were appointed to STC. A complete board orientation took place with new members and senior executive to ensure a strong understanding of STC and their roles and responsibilities as directors.

Board Priorities and Risk Oversight

In 2013, the Board of Directors focused on areas that could positively impact the organization's financial performance and risk mitigation. Semi-annual reviews of the enterprise risk management framework ensure the Board understands that effective risk management processes are in place and functioning effectively.

In 2013, the composition of the Board was as follows:



Jonathan Abrametz

Saskatoon-based trial lawyer (kmPLaw north) practices no-fault and tort auto injury claims, fatal accident claims, and personal injury claims. Mr. Abrametz gained his Chartered Director designation in 2012. He is involved in several charitable and community organizations, including the Kinsmen Club of Saskatoon where he chaired the 2012 Kinsmen Sports Celebrity Dinner. Jonathan also has facilitated educational sectionals for the Saskatchewan Bar Admission course in Criminal Law.

*Board Chair
Audit and Finance Committee Member
Compensation Committee Member*



Jocelyn Hutchinson

Manager of Marketing and Brand Development at IM Wireless Communications Inc. "The Wireless Age," a well-established participant in Canada's wireless industry in partnership with SaskTel. Past experience as a Regina City Councillor, Ward 2 from 2006- 2012. As an elected Councillor, participated in the City's senior decision-making and policy body. Currently she is Treasurer of Royal United Services Institute, Regina, CFLC Board Member and Friend of the Saskatchewan Dragoons. Jocelyn was also Past President of Regina Queen City Kinette Club and Committee Member of Kinsmen Telemarathon Organizing Committee and continues to be a regular participant in local charities and community organizations.

*Board Vice-Chair
Audit and Finance Committee Member
Compensation Committee Member*



John Breakey

Estevan-based oil, land and retired farm entrepreneur. Currently Vice-President of Land

and a shareholder in a junior Saskatchewan-based oil company. Owner and manager of three other family corporations involved in oil and land operations. Past experience as a financial fieldman with Farm Debt Review Board. Regular participant in local charities and community organizations.

*Governance and Corporate Responsibility Committee Chair
Compensation Committee Member*



Amanda Crashley

Big River-based insurance broker for nineteen years. Highly involved in community, active volunteer

with minor sports and cultural boards and associations. Board member for Ladder Valley Community Centre Co-op, Big River and District Recreation and Cultural Board, Kidsport, and the liaison to the Minor Sports Board. Also involved in various community fundraising projects each year.

Governance and Corporate Responsibility Committee Member



Véronique Larham

Saskatoon-based Communications Specialist (AREVA Resources Canada Inc.), develops, implements and evaluates

communications, stakeholder engagement and community investment strategies and initiatives. Ms. Larham also provides English-French Translation services. She holds a Bachelor of Arts in Applied Foreign Languages and a Master of Business Administration. She is involved in several charitable, community and professional organizations, including as board member with the Saskatoon Zoo Foundation and chair of its annual Zoo Gala fundraiser, member of the organizing committee for Gold Medal Plates in Saskatoon, and member of the Saskatchewan Mining Association Public Affairs Committee.

Governance and Corporate Responsibility Committee Member



Mervin Massier

Saskatoon-based consultant. Banking/financial background includes senior positions with Concentra Financial Corporate Banking and Barclays Bank of Canada. Past membership with the Saskatoon Chamber of Commerce, Saskatchewan Chamber of Commerce, Prairie Implement Manufacturer's Association, the North Saskatoon Business Association and Treasury Management Association of Canada.

Audit and Finance Committee Member



Mervin Schneider

Prince Albert-based retired Chartered Accountant, serving over 38 years in public practice with Deloitte & Touche including terms on Executive Committee, Office Managing Partner and Audit and Assurance Partner. Currently operating a small business consulting practice and serving on a number of profit and non-profit Boards including STC since 2011. Completed training and received Chartered Director (C.Dir) designation from McMaster University in 2012.

*Audit and Finance Committee Chair
Compensation Committee Member*



Delmer Wagner

Moose Jaw-based Director of Education, retired. Over 30 years of experience in the education field, including Director of Education, Superintendent of Student Services, Principal, Vice-Principal and teacher. Published author of numerous education-related articles and studies. Currently a provider of senior administrative services within the education sector. Highly involved in the community including a member of the League of Education Administrators, Superintendents and Directors and Knights of Columbus.

Governance and Corporate Responsibility Committee Member

Board Committees

To assist the Board in fulfilling its obligations and meeting its responsibilities, the Board has statutory authority to establish any committees it considers necessary for the efficient conduct of the Corporation's business affairs and to prescribe duties to any committee it appoints. Each committee has its own Terms of Reference, updated annually, which outlines its authority and areas of responsibility. Delegation of responsibility by the Board to a committee does not absolve the full Board from responsibility for a committee's work or decisions. The Board Chair is ex-officio on all Board Committees not already appointed to, and may attend any meeting as appropriate.

The following committees acted in an advisory capacity to the Board of Directors in 2013. Committee members are listed as of December 31, 2013.

Audit and Finance

Chair: Mervin Schneider

Committee Members: Jonathan Abrametz, Jocelyn Hutchinson, Mervin Massier

The Audit and Finance Committee assists the Board in fulfilling its obligations and responsibilities for:

- overseeing the overall financial management of STC to ensure the integrity of internal financial controls and reporting processes;
- overseeing the provision of relevant and timely financial information to the Board;
- the appointment of the external auditor; and,
- ensuring appropriate follow-up of audit results.

Governance and Corporate Responsibility

Chair: John Breakey

Committee Members: Amanda Crashley, Véronique Larham, Delmer Wagner

The Governance and Corporate Responsibility Committee assists the Board in fulfilling its obligations and responsibilities for:

- developing and recommending best corporate governance practices and the annual strategic planning processes;
- overseeing human resource strategies, programs and practices;
- keeping current with developments and emerging best practices in corporate governance;
- ensuring the Corporation is proactive in addressing safety, health, and environment issues, and is in compliance with all statutory requirements;
- reviewing the Board's Committee Terms of Reference and the skills matrix required for Board complement;
- managing evaluations of the Board, Committees, Chair and Director performance; and,
- providing oversight to the Corporation's code of conduct and ethics.

Compensation

Chair: Jonathan Abrametz

Committee Members: John Breakey, Jocelyn Hutchinson, Mervin Schneider

The Compensation Committee assists the Board in fulfilling its obligations and responsibilities for:

- making recommendations on the recruitment of the President and CEO;
- making recommendations on the goals and objectives, conducting annual performance evaluations, and recommending a compensation package for the President & CEO; and,
- making recommendations on Executive Compensation in accordance with CIC's Executive Compensation Framework.

CORPORATE GOVERNANCE PRACTICES

STC's approach to corporate governance practices is consistent with the guidelines set forth in the Canadian Securities Administrators (CSA) *National Policy 58-201 Corporate Governance Guidelines* and *National Instrument 58-101 Disclosure of Corporate Governance Practices*. These CSA guidelines outline national governance requirements for publicly traded companies and address areas of responsibility for effective corporate governance. While the Saskatchewan Transportation Company is not a publicly traded company, its practices are benchmarked against these current industry best practices.

Corporate Governance Scorecard

(continued)

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)

COMPOSITION OF THE BOARD

NP 58-201, section 3.1

The Board should have a majority of independent directors.

NI 58-101F1, sections 1(a) to (d)

- (a) Disclose the identity of directors who are independent.
- (b) Disclose the identity of directors who are not independent and the basis for that determination.
- (c) Disclose whether the majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.
- (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

STC Governance Practices 2013

✓ Consistent with CSA Guidelines

All directors of the STC board are independent members.

✓ Consistent with CSA Guidelines

Jonathan Abrametz (Chair): INDEPENDENT
Lawyer, kmoLaw north

Jocelyn Hutchinson (Vice Chair): INDEPENDENT
Marketing Manager, The Wireless Age

John Breakey: INDEPENDENT
President, Lakewood Holdings Corporation and A.L. Breakey
Oil Holdings Ltd.

Amanda Crashley: INDEPENDENT
Insurance Broker

Véronique Earlam: INDEPENDENT
Communications Specialist, AREVA Resources Canada Inc.

Mervin C. Massier: INDEPENDENT
Retired, Banking Industry Professional

Mervin Schneider: INDEPENDENT
Retired, Financial Industry Professional

Delmer Wagner: INDEPENDENT
Retired, Director of Education

Section 1(d) does not apply to STC. STC does not have share capital and is not an issuer.

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	STC Governance Practices 2013
COMPOSITION OF THE BOARD (continued) <p>NP 58-201, section 3.2</p> <p>The chair of the board should be an independent director. Where this is not appropriate, an independent director should be appointed to act as "lead director". However, either an independent chair or an independent lead director should act as the effective leader of the board and ensure that the board's agenda will enable it to successfully carry out its duties.</p>	<p>✓ Consistent with CSA Guidelines</p> <p>The chair of the board is an independent director who provides effective leadership in all board activities. Through meeting agendas, the chair ensures that all required information and decision items are brought forward in a timely and effective manner enabling the board to successfully carry out its mandate and responsibilities. The chair also serves as liaison between the board and the shareholder.</p>
<p>NI 58-101F1, section 1(f)</p> <p>(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</p>	<p>✓ Consistent with CSA Guidelines</p> <p>Jonathan Abrametz is the chair of the board and is an independent director. The chair reports to the CIC board of directors and is responsible to ensure that the shareholder receives accurate, relevant and timely information respecting board actions and critical corporate issues and initiatives. As the chief spokesperson for the board, the chair communicates the board's views, and reports back to the board, respecting communications with the shareholder.</p> <p>The chair functions in a leadership capacity, and has the statutory authority and obligation to preside over meetings of the board, and to perform duties and exercise the powers assigned by the board. The chair's primary responsibilities are to:</p> <ul style="list-style-type: none"> • chair meetings of the board, ensuring that meetings are properly convened, business is conducted legally and accurate minutes of proceedings are recorded; • work with the CEO and Corporate Secretary to set board meeting schedules and establish agendas; • monitor meeting attendance and encourage full participation of directors at meetings; • maintain open channels of communication with directors between meetings; • champion the Corporate approach to governance; • provide leadership in board organization, optimizing board and committee structures and operations; • take a lead role in assessing and addressing any concerns related to the performance of the board, its committees or individual members; • assist directors to achieve full utilization of individual abilities, recommending professional and training opportunities;

Corporate Governance Scorecard (continued)

**CSA Corporate Governance Policy, NP 58-201,
and Disclosure Instrument, NI 58-101F1 (Summary)**

STC Governance Practices 2013

COMPOSITION OF THE BOARD (continued)

- work with committee chairs to establish effective communications, information sharing mechanisms and establish clear delineation of responsibilities;
- act as an ex officio member of all board committees;
- coach, support and assist the CEO and senior management;
- monitor and influence the strategic agenda of the Corporation, providing leadership and advice respecting strategic planning processes, supporting material and outcomes; and,
- work with the CEO to develop and maintain productive relationships and represent the Corporation.

MEETINGS OF INDEPENDENT DIRECTORS

NP 58-201, section 3.3

The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

✓ Consistent with CSA Guidelines

As a standing agenda item, the board holds an in-camera session without management presence at each regular meeting.

NI 58-101F1, section 1(e)

(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

✓ Consistent with CSA Guidelines

The board scheduled five (5) regular meetings in 2013. Additional meetings were held for a total of thirteen (13) board meetings in 2013. Eleven (11) of these meetings included in-camera sessions.

The board facilitates open and candid discussions by holding in-camera sessions during regular and special meetings without management presence.

**CSA Corporate Governance Policy, NP 58-201,
and Disclosure Instrument, NI 58-101F1 (Summary)**

MEETINGS OF INDEPENDENT DIRECTORS (continued)

NI 58-101F1, section 1(q)

(q) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

STC Governance Practices 2013

✓ Consistent with CSA Guidelines

There were thirteen (13) board meetings in the calendar year 2013. The following are the director's attendance statistics:

Director	Meetings Attended¹
Jonathan Abrametz	13 of 13
Joceyln Hutchinson	10 of 13
John Breakey	12 of 13
Amanda Crishley	13 of 13
Veronique Larham	9 of 10
Mervin C. Massier	13 of 13
Mervin Schneider	13 of 13
Delmer Wagner	13 of 13

For the purpose of this report, members who attended meetings in part were considered to be present.

BOARD MANDATE

NP 58-201, section 3.4

The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer, including responsibility for:

- (a) to the extent feasible, satisfying itself as to the integrity of the chief executive officer (the CEO) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
- (b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- (c) the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks;
- (d) succession planning (including appointing, training and monitoring senior management);
- (e) adopting a communication policy for the issuer;

✓ Consistent with CSA Guidelines

The function of the board is to act as stewards of the Corporation. The board has a statutory authority and obligation to manage the affairs and business of the Corporation. While the fundamental objective of the board is to act in the best interests of the Corporation, the board has a responsibility to ensure congruence between shareholder expectations, corporate plans and management performance.

The board of directors has a written Terms of Reference, which is reviewed annually. These terms outline its responsibilities and principal duties.

- (a) One of the board's principal duties is to appoint, monitor and evaluate the performance of the President & CEO, taking appropriate action as warranted. The Governance and Corporate Responsibility Committee has established reporting standards to promote a culture of ethical business conduct among other executive officers.

Corporate Governance Scorecard

(continued)

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	STC Governance Practices 2013
<p>BOARD MANDATE (continued)</p> <p>(f) the issuer's internal control and management information systems; and, (g) developing the issuer's approach to corporate governance, including: developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer.</p> <p>The written mandate of the board should also set out (i) measures for receiving feedback from stakeholders (e.g., the board may wish to establish a process to permit stakeholders to directly contact the independent directors), and (ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials.</p> <p>Issuers may consider appointing a corporate governance committee to consider these issues. A corporate governance committee should have a majority of independent directors, with the remaining members being "non-management" directors.</p>	<p>(b) The board participates in an annual strategic planning process with officers and senior management. The outcome of this process establishes the core objectives and strategic direction of the Corporation for the upcoming year. A concrete strategic plan is approved annually and includes the identification of business opportunities, threats, new initiatives, operating goals and performance measures.</p> <p>(c) A principal duty of the board is to identify principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and potential returns, and to oversee the implementation of appropriate systems to manage the risks. The Enterprise Risk Management matrix is a key tool for the board.</p> <p>(d) The board has delegated the responsibility of succession planning to the Governance and Corporate Responsibility Committee to oversee. The committee reviews the plan on an annual basis and reports its findings to the board.</p> <p>(e) The board adopts policies and processes to enable effective communication with the shareholders, stakeholders and the public.</p> <p>(f) The board monitors the integrity of the Corporation's internal control and management information systems through the CEO/CFO Certification process and through work with both internal and external auditors.</p> <p>(g) The board has delegated the Corporation's approach to corporate governance to the Governance and Corporate Responsibility Committee to oversee.</p> <p>STC surveys internal and external stakeholders to obtain feedback about Corporate activities. The chair of the board participates in a forum established by CIC, which is comprised of the chairs of all subsidiary Crown boards and senior CIC officials, where issues of mutual interest and concern are shared.</p> <p>The board's Terms of Reference outlines expectations and responsibilities of directors and it also provides the chair the right to recommend to CIC the removal or replacement of a member that has missed two consecutive regularly scheduled board meetings or has attended fewer than sixty percent of all meetings held in any year.</p> <p>STC is not an issuer.</p>

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	STC Governance Practices 2013
BOARD MANDATE (continued)	
NI 58-101F1, section 2 <p>Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>✓ Consistent with CSA Guidelines The board's principle responsibilities are described in the NP 58-201, section 3.4. The text of the board's Terms of Reference can be obtained by contacting the Corporate Secretary to the board.</p>
POSITION DESCRIPTIONS	
NP 58-201, section 3.5 <p>The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board, together with the CEO, should develop a clear position description for the CEO, which includes delineating management's responsibilities. The board should also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.</p>	<p>✓ Consistent with CSA Guidelines The <i>Crown Corporations Act</i>, 1993 subsection 23 (5) and CIC "Chair of the Board Terms of Reference" outline the primary duties of the chair of the board. There is a Terms of Reference for the board and each committee of the board and written position descriptions are in place for the chair, each committee chair, and the CEO.</p> <p>The board's Terms of Reference sets out matters that require board approval and delegate other matters to management.</p> <p>The board annually approves a strategic business plan and performance management plan, which includes the Corporate objectives and goals (balanced scorecard targets) for the upcoming year. The CEO is ultimately responsible to the board for meeting these goals and objectives.</p>
NI 58-101F1, sections 3(a) and (b) <p>3(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p> <p>3(b) Disclose whether the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>✓ Consistent with CSA Guidelines In addition to the Terms of Reference, which have been developed for the board and board committees, a checklist of annual deliverables guide the planning and decision making of the board and committees, ensuring that all governance requirements are met.</p> <p>Through regular evaluations of performance, the Company can satisfy itself that all governance requirements for the chair of the board, chair of board committees and CEO are met. Specific written position descriptions are in place to ensure governance standards are met in this area.</p>

Corporate Governance Scorecard

(continued)

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	STC Governance Practices 2013
ORIENTATION AND CONTINUING EDUCATION	
NP 58-201, section 3.6 <p>The board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the issuer expects from its directors). All new directors should also understand the nature and operation of the issuer's business.</p>	<p>✓ Consistent with CSA Guidelines Orientation sessions are held between management and directors, providing insights into the business and its operations. Written reference materials are provided to supplement these orientation sessions. The board also receives regular operations and management updates at each of its regular meetings. In the circumstance that there are new board members appointed, a board orientation will be scheduled.</p>
NI 58-101F1, section 4(a) 4(a) Briefly describe what measures the board takes to orient new directors regarding: <ul style="list-style-type: none"> (i) the role of the board, its committees and its directors; and (ii) the nature and operation of the issuer's business. 	<p>✓ Consistent with CSA Guidelines Two new members were appointed in 2013. The new board member orientation material included an overview of: <ul style="list-style-type: none"> • Corporate Mandate • Corporate Overview • Organization Profile • Executive Profiles • Financial Information • Rideship • Strategic Business Plan and Initiatives • Board of Directors Information including Terms of Reference and Committees • Corporate Annual Report </p>
NP 58-201, section 3.7 The board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the issuer's business remains current.	<p>✓ Consistent with CSA Guidelines CIC's board training program covers all the Crown Corporations' education programs. All STC board members have the opportunity to take part in various sessions of this training throughout the year.</p>
NI 58-101F1, section 4(b) 4(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skills and knowledge necessary to meet their obligations as directors.	<p>✓ Consistent with CSA Guidelines Funding for travel and expenses was provided to the board for member participation in CIC sponsored programs. Board members are encouraged to participate in various sessions of training throughout the year.</p>

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	STC Governance Practices 2013
<p>CODE OF BUSINESS CONDUCT AND ETHICS</p> <p>NP 58-201, section 3.8</p> <p>The board should adopt a written code of business conduct and ethics (a code). The code should be applicable to directors, officers and employees of the issuer. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:</p> <ul style="list-style-type: none"> (a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest; (b) protection and proper use of corporate assets and opportunities; (c) confidentiality of corporate information; (d) fair dealing with the issuer's security holders, customers, suppliers, competitors and employees; (e) compliance with laws, rules and regulations; and (f) reporting of any illegal or unethical behaviour. 	<p>✓ Consistent with CSA Guidelines</p> <p>Directors and officers must comply with <i>The Crown Corporations Act, 1992</i> Part VI, which explicitly outlines duty of care, conflict of interest and indemnification.</p> <p>The board must also comply with CIC's Directors' Code of Conduct, which is applicable to all directors of its subsidiary Crown boards. A copy of the Director's Code of Conduct can be obtained by contacting the Corporate Secretary to the board.</p> <p>The board provides annual attestation for compliance with the Directors' Code of Conduct.</p> <p>Officers and employees of the Corporation must comply with STC's Code of Conduct. Management reports on the compliance with the Corporation's Code of Ethical Conduct to the Governance and Corporate Responsibility Committee at each of its regular meetings.</p>
<p>NP 58-201, section 3.9</p> <p>The board should be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.</p>	<p>✓ Consistent with CSA Guidelines</p> <p>The Governance and Corporate Responsibility Committee has the duty and responsibility to administer the Director's Code of Conduct, reports on compliance with the code and provides advice to the directors on conflict of interest.</p>
<p>NI 58-101F1, section 5(a)</p> <p>(i) disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none"> (i) disclose how a person or company may obtain a copy of the code; (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and, (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that relates to any conduct of a director or executive officer that constitutes a departure from the code. 	<p>✓ Consistent with CSA Guidelines</p> <p>A copy of CIC's Directors' Code of Conduct can be obtained by contacting the Corporate Secretary to the board.</p> <p>The Audit and Finance Committee assists the board in fulfilling its financial accountability by maintaining oversight of the Corporation's budget and financial operations; reviewing internal controls; participating in the audit processes; monitoring capital assets; reviewing and recommending on capital activities.</p> <p>The chair of the Audit and Finance Committee reports to the board any such issues addressed by the committee.</p> <p>The Governance and Corporate Responsibility Committee reviews, develops and maintains corporate governance practices and</p>

Corporate Governance Scorecard (continued)

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	STC Governance Practices 2013
CODE OF BUSINESS CONDUCT AND ETHICS (continued)	
	<p>oversees the board's nominating and governance activities. Duties and responsibilities include: overseeing processes for evaluating the performance of the board, committees, chair, directors and ensuring board orientation and opportunity for professional development. The chair of the Governance and Corporate Responsibility Committee reports to the board any such issues addressed by the committee.</p> <p>No waivers from the Code were granted to any directors in 2013.</p> <p>In 2013, the Governance and Corporate Responsibility Committee received a report on officer and employee compliance with the Corporation's Code of Ethical Conduct at each quarterly meeting.</p>
NI 58-101F1, section 5(b) 5(b) Describe steps that the board takes to ensure directors exercise independent judgment in considering transactions and agreements where a director or officer has a material interest.	<p>✓ Consistent with CSA Guidelines Where a director has, or is perceived to have, a personal interest in a transaction being considered by the Corporation, the director has a fiduciary responsibility to declare such interest at the meeting at which the matter is being considered.</p> <p>The CEO monitors agenda items to identify any issues where a director or officer may have a material interest and such items would not be distributed to the director.</p>
NI 58-101F1, section 5(c) 5(c) Describe other steps the board takes to encourage and promote a culture of ethical business conduct.	<p>✓ Consistent with CSA Guidelines The Governance and Corporate Responsibility Committee has been tasked with this undertaking to ensure that the board is in full compliance with industry best practices in corporate governance.</p>
NOMINATIONS OF DIRECTORS	
NP 58-201, section 3.10 The board should appoint a nominating committee composed entirely of independent directors.	<p>✓ Consistent with CSA Guidelines The Governance and Corporate Responsibility Committee serves as the nominating committee and is comprised of all independent board members.</p>
NI 58-101F1, section 6(a) and (b) 6(a) Describe the process by which the board identifies new candidates for board nomination.	<p>✓ Consistent with CSA Guidelines The Governance and Corporate Responsibility Committee (the nominating committee) is comprised of all independent board members. They review skills and composition of current directors annually.</p>

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	STC Governance Practices 2013
NOMINATIONS OF DIRECTORS (continued) <p>6(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p>	<p>The committee identifies skill sets required on the board and any skill gaps that should be filled.</p> <p>The committee may identify and recommend qualified candidates for appointment to the board. The board may forward the names of any recommended candidates to CIC for consideration.</p> <p>The shareholder has the legislative authority to make board appointments and all appointments are by Order in Council.</p>
NP 58-201, section 3.11 <p>The nominating committee should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. If an issuer is legally required by contract or otherwise to provide third parties with the right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.</p>	<p>✓ Consistent with CSA Guidelines</p> <p>The Governance and Corporate Responsibility Committee's Terms of Reference establishes the committee's role and responsibility to act as advisors to the board regarding purpose and responsibilities that include the objectives to advise the board regarding nominees for positions on the board of directors.</p> <p>If the committee deems it necessary, it has the authority to engage outside professional advisors to properly discharge its functions, duties and responsibilities.</p> <p>There are no third party nominations to the board of directors.</p>
NI 58-101F1, section 6(c) <p>6(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>✓ Consistent with CSA Guidelines</p> <p>The Governance and Corporate Responsibility Committee performs the function of the nominating committee and its Terms of Reference describes the responsibilities, powers and operation of the committee. The committee is appointed by the board and serves in an advisory capacity.</p> <p>A copy of the committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the board.</p>
NP 58-201, section 3.12 <p>Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps:</p> <p>(a) Consider what competencies and skills the board, as a whole, should possess. In doing so, the board should recognize that the particular</p>	<p>✓ Consistent with CSA Guidelines</p> <p>The board's nomination process as outlined in the Terms of Reference of the Governance and Corporate Responsibility Committee meets these guidelines. The board with the assistance of the Corporate Secretary undertakes an annual review of the board skills matrix.</p>

Corporate Governance Scorecard (continued)

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)

STC Governance Practices 2013

NOMINATIONS OF DIRECTORS (continued)

competencies and skills required for one issuer may not be the same as those required for another.

(b) Assess what competencies and skills each existing director possesses. It is unlikely that any one director will have all the competencies and skills required by the board. Instead, the board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each director, as these may ultimately determine the boardroom dynamic.

The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making.

In carrying out each of these functions, the board should consider the advice and input of the nominating committee.

As stated in its Terms of Reference, the board shall be comprised of not more than ten (10) members. Board members are appointed by Order in Council.

NP 58-201, section 3.13

The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.

✓ Consistent with CSA Guidelines

As outlined in its Terms of Reference, the Governance and Corporate Responsibility Committee has the responsibility to advise the board regarding the composition of the board and may put forward, for consideration, qualified candidates to fill vacant positions, which are then forwarded to CIC for consideration and decision.

The shareholder has the legislative authority to make board appointments and all appointments are by Order in Council.

NP 58-201, section 3.14

In making its recommendations, the nominating committee should consider:

- (a) the competencies and skills that the board considers to be necessary for the board, as a whole, to possess;
- (b) the competencies and skills that the board considers each existing director to possess; and,
- (c) the competencies and skills each new nominee will bring to the boardroom.

The nominating committee should also consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member.

✓ Consistent with CSA Guidelines

The committee reviews the competencies required by the board and the skills of current directors annually or as required, and identifies gaps in skill sets on the board.

Executive Council is responsible for considering how the skills and competencies of each candidate fit with the skill gaps identified by the board, and for determining that nominees have the time and resources to fulfil their duties as a board member.

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)

STC Governance Practices 2013

COMPENSATION

NP 58-201, section 3.15

The board should appoint a compensation committee composed entirely of independent directors.

✓ **Consistent with CSA Guidelines**

The board appoints a Compensation Committee. The composition of this committee is the board chair, the vice chair, the chair of Governance and Corporate Responsibility and the chair of Audit and Finance.

NI 58-101F1, sections 7(a) and (b)

7(a) Describe the process by which the board determines compensation for the issuer's directors and officers.
 7(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

✓ **Consistent with CSA Guidelines**

Board compensation is paid in accordance with *The Crown Corporations Act, 1993*, subsection 9 and CIC's remuneration schedule. These documents outline the annual remuneration and rates of reimbursement for the expenses incurred by directors of subsidiary Crown Corporations. A copy of CIC's remuneration and expense guidelines for directors can be obtained by contacting CIC or the Corporate Secretary to the board.

An Executive compensation framework has been established by CIC. The board has the authority to approve compensation and benefit packages within that framework.

The board appointed Compensation Committee includes the board chair, the vice chair, the chair of Governance and Corporate Responsibility and the chair of Audit and Finance. All members are independent directors.

NP 58-201, section 3.16

The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

✓ **Consistent with CSA Guidelines**

The Compensation Committee is established by the board of directors and has a Terms of Reference that establishes the duties and responsibilities of this committee.

If the committee deems it necessary, it has the authority to engage outside professional advisors to properly discharge its functions, duties and responsibilities.

Corporate Governance Scorecard

(continued)

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	STC Governance Practices 2013
COMPENSATION (continued) <p>NI 58-101F1, section 7(c) 7(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>✓ Consistent with CSA Guidelines The committee shall be advisory to the board and in such capacity shall:</p> <ul style="list-style-type: none"> • Make recommendations on the recruitment of the President and CEO; • Make recommendations on the goals and objectives, conduct annual performance evaluations, and recommend a compensation package for the President & CEO; and, • Make recommendations on executive compensation in accordance with CIC's Executive Compensation Framework.
<p>NP 58-201, section 3.17 The compensation committee should be responsible for:</p> <p>(a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation;</p> <p>(b) making recommendations to the board with respect to non-CEO officer and director compensation, incentive compensation plans and equity-based plans; and,</p> <p>(c) reviewing executive compensation disclosure before the issuer publicly discloses this information.</p>	<p>✓ Consistent with CSA Guidelines The committee completes an annual performance evaluation of the President and CEO and recommends a ranking to the board for approval. They also make recommendations on executive compensation in accordance with CIC's Executive Compensation Framework.</p> <p>CEO, officer and employee compensation disclosure occurs in the form of an annual payee list, which is recommended to the board by the Audit and Finance Committee. Upon board approval, the payee list is submitted and publicly disclosed through tabling with the Crown and Central Agencies Committee of the legislature. Under The Crown Employment Contracts Act, the CEO, officers and senior managers, who report directly to the CEO, are also required to file their employment contract details to the Clerk of the Executive Council.</p>
<p>OTHER BOARD COMMITTEES</p> <p>NI 58-101F1, section 8 If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>✓ Consistent with CSA Guidelines Committees of the board include the Governance and Corporate Responsibility Committee, the Audit and Finance Committee and the Compensation Committee. Their functions are described in previous sections. The board does not have any other committees.</p>

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)

REGULAR BOARD ASSESSMENTS

NP 58-201, section 3.18

The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider:

- (a) in the case of the board or a board committee, its mandate or charter, and
- (b) in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the board.

NI 58-101F1, section 9

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

STC Governance Practices 2013

✓ Consistent with CSA Guidelines

The Governance and Corporate Responsibility Committee, with the assistance of the Corporate Secretary to the board, is responsible for conducting such evaluations and reporting results to the board.

Performance evaluations on all CIC subsidiary Crown Corporation boards are conducted on a two year cycle. In 2012, evaluations of the board and the board chair were completed. All director peer, committee chair and board committee evaluations were conducted in 2013.

The board and its committees review their Terms of Reference annually. Directors' skills are reviewed annually; individual directors are plotted on a skills matrix and are assessed as part of a regular peer review.

✓ Consistent with CSA Guidelines

The evaluations are conducted using an instrument developed by CIC. Directors complete surveys, which allow them to provide feedback in writing on the effectiveness of the board, committees, chairs and individual directors.

The Governance and Corporate Responsibility Committee outlines evaluation results, which are submitted to the board for review and approval. The committee tracks implementation of any action items.

Corporate Directory

STC's dedicated staff work hard to provide valuable passenger and freight services across the broad provincial network. This work is rewarded with a customer satisfaction rating of 94 per cent.

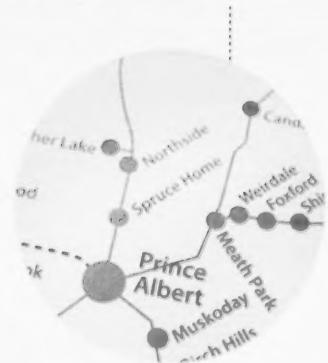
STC's divisions work together towards the company's vision to be the best passenger and freight company in Canada.

DIVISIONS OF STC | pg74



STC's network spans the province and provided passenger and freight services to 284 communities in 2013.

ROUTE MAP | pg78



CORPORATE DIRECTORY | pg76

STC's senior team provide leadership and direction in the achievement of the strategic goals.

Divisions of STC

CUSTOMER SERVICES AND OPERATIONS

The Customer Services and Operations division is responsible for passenger, parcel express, and maintenance services. The division includes the following components:

Passenger Services

Passenger Services is responsible for ensuring passengers enjoy safe and reliable transportation. This area handles functions that include operating motor coaches, issuing of tickets, scheduling, maintenance of tariffs, dispatching of buses and drivers, managing the network of agencies, and the maintenance and management of buildings. In addition to regular passenger services, charter services are also operated and managed in this area.

Parcel Express Services

Parcel Express Services is responsible for the freight and baggage handling for all STC coaches and connecting carriers. Door-to-door pickup and delivery services are available in Regina, Saskatoon, Prince Albert, and in some designated rural agencies.

Maintenance Services

The primary responsibility of Maintenance Services is to maintain clean, comfortable coaches and provide storage for all STC vehicles. These duties are performed in the service garages in Saskatoon and Regina and when required, this group handles on-the-road servicing of STC coaches. Maintenance Services handles the procurement of all corporate vehicles. Cleaning services, maintenance, and storage are also provided on a contract basis for coaches of other carriers.



CORPORATE SYSTEMS AND TECHNOLOGY

The Corporate Systems and Technology division is responsible for the reliability and integrity of data, electronic communications, software applications and web services at STC. By implementing and maintaining efficient business processes through the introduction of new technologies, it ensures that ticketing and freight systems across Saskatchewan are capable of serving STC's customers in a quick and convenient manner.

The division provides technical support across the province to employees operating a variety of systems that support the business, as well as to major customers that have STC shipping systems in their distribution centres.

The Corporate Systems and Technology division is also responsible for procurement and management of all corporate hardware and software.

FINANCE

The Finance Division provides the information required to monitor STC's performance and make effective decisions. The division delivers accurate financial reporting, budgeting and forecasting; assesses risk and insurance requirements; and, monitors internal control of functions. In addition, specific groups within the division are responsible for billing and collection of revenue, issuing payments to suppliers, monitoring reports from agencies, and processing claims with partner carriers.

HUMAN RESOURCES AND PAYROLL

The Human Resources and Payroll Division provides leadership and strategic human resource advice and support to ensure STC has a strong and committed workforce. To ensure a standard of excellence, the division delivers human resource services, including recruitment and retention; labour relations; human resource policy and planning; learning and development; organizational development and design; payroll and benefits administration; occupational health and safety; and, diversity and rehabilitation/return to work programs. The division plays a key role in representing the employer during collective agreement bargaining with the Amalgamated Transit Union Local 1374 and contributing to a positive employer and employee relationship.

STRATEGIC PLANNING AND COMMUNICATIONS

The Strategic Planning and Communications Division is responsible for corporate promotions, communications and strategic planning. Promotional advertising, corporate branding, and public relations are tools used to drive revenues for the organization in both passenger and parcel express services. Ensuring effective communications between the company and its shareholder Crown Investments Corporation of Saskatchewan (CIC), the media, and the Government of Saskatchewan are important services provided by this area.

The division establishes STC's planning process, its strategic business plans and reports on performance and governance compliance. It also has responsibility for privacy of information and requests under freedom of information legislation.

Corporate Directory

EXECUTIVE OFFICERS

Compensation Philosophy

STC follows the compensation philosophy as outlined in the Crown Investments Corporation of Saskatchewan, *Crown Executive Compensation Policy, Procedures & Guidelines*.

Salary ranges for STC's Executive Team, as of December 31, 2013, are:
President and Chief Executive Officer: \$144,471 to \$180,589
Other Executive members: \$104,379 to \$153,500

SHAWN GRICE

President and Chief Executive Officer

Shawn Grice was appointed as SIC's President and Chief Executive Officer in August 2010, after acting in the role since February 2010. Before becoming CEO, Mr. Grice served as Chief Financial Officer (CFO) at SIC since 1998. Previous to his joining the company, Mr. Grice held roles with Crown Investments Corporation of Saskatchewan (CIC), Saskatchewan Department of Finance, and KPMG Peat Marwick Horne. Mr. Grice graduated with a Bachelor of Commerce (Great Distinction) from the University of Saskatchewan, holds a Chartered Accountant (CA) designation from the Canadian Institute of Chartered Accountants (CICA), obtained the Chartered Director (C.Dir.) designation in 2013 from The Directors College (a joint venture of McMaster University and The Conference Board of Canada) and has also completed the CICA In-depth Taxation Program. Mr. Grice is a board member with the Canadian Bus Association. He is also a board member and past Finance Chair with the Regina Downtown Business Improvement District.

PHIL BOHAY

Senior Advisor to the President

Phil Bohay joined STC in June 2008 to head STC Customer Services and Operations. Mr. Bohay was employed for 36 years with SaskTel in various areas of the company, working his way up to senior management positions, culminating in General Manager, Customer Services-Business Sales. Mr. Bohay holds a Master of Business Administration degree from the University of Regina, is a graduate of the Duke University Program for Manager Development and holds a certificate in Advanced Marketing from the Banff School of Management. Mr. Bohay is a board member with the Canadian Bus Association. He served as a board member for Junior Achievement, Southern Saskatchewan from 2008 to 2010.

CRYSTAL LAWREK

Executive Director Human Resources and Payroll

Crystal Lawrek joined SIC in April 2013 as Executive Director, Human Resources and Payroll. Prior to joining SIC, she held progressively responsible Human Resources positions from 2003 to 2013 with the University of Regina, Meyers Norris Penny LLP and the City of Regina. Ms. Lawrek holds a Bachelor of Administration degree from the University of Regina and a certificate in Organizational Development from Queen's University Industrial Relations Centre.

DEAN MADSEN**Chief Operating Officer**

Dean Madsen began working with STC as an employee of the Weyburn Bus Depot in 1986. In May of 1988, Mr. Madsen joined STC as a Baggage and Express Agent in Regina. Since that time Mr. Madsen worked in various areas of the company, moving into senior management positions and culminating in the position of Chief Operating Officer as of September, 2013. Mr. Madsen holds a Master of Business Administration degree from the University of Regina and is currently a board member with the Canadian Bus Association.

CANDACE PHELPS**Executive Director Strategic Planning and Communications**

Candace Phelps joined STC in December 2012. Prior to that, Ms. Phelps was employed at Tourism Saskatchewan from 2006 to 2012 as the Director of Marketing, the Vice President, and the Acting President and CEO. She has also held roles with Saskatchewan Trade and Export Partnership, Saskatchewan Chamber of Commerce, and Trimension Consulting Group. Ms. Phelps graduated with a Bachelor of Commerce (Honours and Distinction) from the University of Saskatchewan, holds a Certified International Trade Professional (CITP) designation and is a graduate of the Palladium Kaplan-Norton Balanced Scorecard Certification Program.

BRIAN ROULSTON**Executive Director Corporate Systems and Technology**

Brian Roulston was appointed Executive Director, Corporate Systems and Technology in February 2013. Prior to that, Mr. Roulston worked as STC's Manager of Corporate Information Technology from 2004 to 2013, and Technical Analyst from 2002 to 2004. He also held prior roles at Saskatchewan Environment and SaskTel. Mr. Roulston graduated with a Diploma in Computer Information Systems from the Saskatchewan Institute of Applied Science and Technology, and holds designations including Information Systems Professional (ISP) and Certified Information Systems Security Professional (CISSP).

JASON SHERWIN**Chief Financial Officer**

Jason Sherwin was appointed Chief Financial Officer in April 2011, after acting in the role since February 2010. Mr. Sherwin rejoined the company in January 2009 as Director of Finance, having worked with STC previously from 1999-2004 as Assistant Controller. Prior to 2009, Mr. Sherwin was employed with Greystone Managed Investments Inc. as Manager, Real Estate Portfolio Administration and as Controller with PW Group. Mr. Sherwin also held accounting positions with Markuson New Holland and KPMG. He graduated with a Bachelor of Commerce (Distinction) from the University of Saskatchewan and also holds a Chartered Accountant (CA) designation.

STC Route Map

As of: December, 2013



2013 at a Glance

- Established in 1946
- Travelled approximately 3.1 million scheduled miles, serving 284 Saskatchewan communities
- Had 192 agents operating in Saskatchewan
- Overall ridership of 276,113 passengers (2012: 282,119)
- Sold 2,116 youth passes during June, July and August
- Transported 20,859 seniors during the May and September seat sales
- Passenger satisfaction rating of 94 per cent (2012: 93 per cent)
- Enhanced on-board amenities, maintained security, and continued to make facility improvements
- \$16.4 million of revenues (2012: \$15.9 million)
- \$29.8 million of operating expenses (2012: \$28.8 million)
- \$3.3 million of capital expenditures (2012: \$3.0 million)
- \$39.6 million of assets (2012: \$38.6 million)
- Operating subsidy requirement of \$10.5 million
- Capital subsidy of \$3.5 million
- Maintains its head office in Regina
- Owns and operates passenger and parcel express terminals in Regina, Saskatoon and Prince Albert
- Operates a service garage in Saskatoon and one in Regina
- Has a fleet of 43 coaches, 30 per cent of which are wheelchair accessible, varying in size from 20 seats to 55 seats, as well as a freight truck and 28 freight trailers
- Employs 240 people; approximately 80.8 per cent of STC's workforce is unionized (194 out of 240 as of December 31, 2013)
- The Amalgamated Transit Union Local 1374 represents the in-scope employees
- \$13.2 million of annual payroll (2012: \$13.0 million)

RIDE IN COMFORT,
RIDE SAFELY,
RIDE WITH STC.